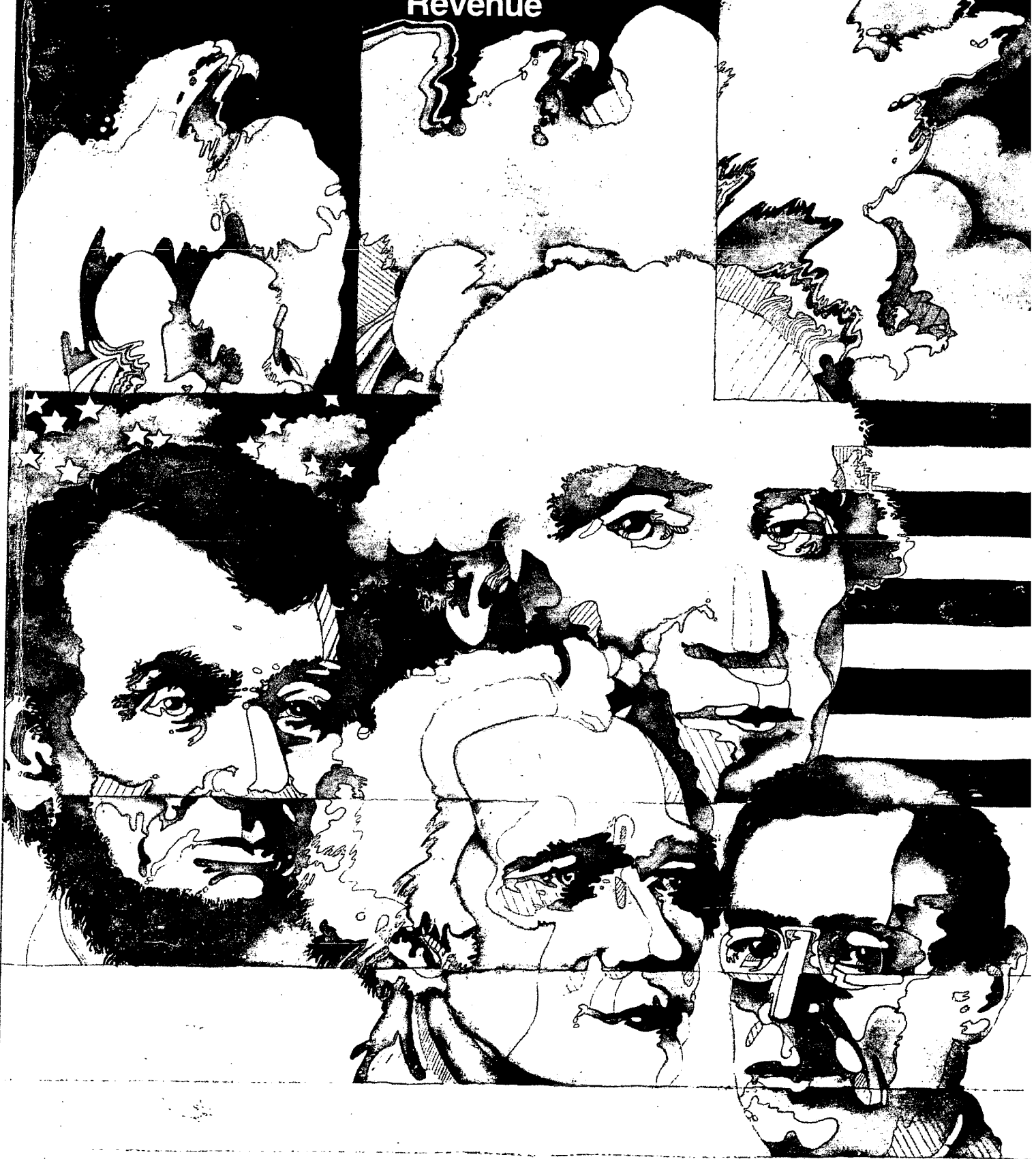


**ANNUAL
REPORT
1976**

**Commissioner
of
Internal
Revenue**



Introduction

This report of the Commissioner of Internal Revenue reflects a year of progress and achievement. The IRS realized record highs in collections, in audits and in cases recommended for prosecution.

Gross collections rose to \$302.5 billion, passing the \$300 billion mark for the first time.

Over 2.5 million tax returns of all types were audited, 80,714 more than 1975 and more than any year since 1968.

Criminal prosecution was recommended in more than 3,100 cases.

In assisting taxpayers with their tax problems, we answered the questions of over 38 million people who telephoned or visited our offices. These are achievements of which we can be proud.

We tried to improve our forms and instructions and to reduce the paperwork burden of taxpayers. To administer the complex tax laws, the IRS has developed hundreds of forms and reports which affect some 125 million taxpayers each year. The sheer volume of this paper makes the Revenue Service acutely aware of the benefits of even small reductions in its forms. Our program for paperwork reduction was stepped up with a line-by-line review of the major tax forms to delete any unnecessary items. For example, Form 5500, a pension reporting form, was cut from seven to 4-1/2 pages. Employment tax regulations were amended to provide for an annual, rather than a quarterly filing for the railroad retirement tax returns. For other activities, forms were made simpler and the procedures were made easier.

But our best efforts toward forms simplification were dwarfed by the new tax laws that made our major forms, the 1040 and 1040A, even more complicated. Obviously, the key to a simpler tax form is a simpler tax law.

In other activities progress was more noticeable. Collection of delinquent taxes was up \$700 million to reach \$3.5 billion.

We processed slightly fewer individual income tax forms last year than in 1975, but overall we processed 127.1 million tax returns of all types, an increase of more than a million over 1975.

With improved data retrieval equipment, we are now able to handle inquiries and requests about tax accounts much faster. In 1976, we processed an average of 2.4 million inquiries per month at each service center.

This report, issued during our bicentennial year, covers the achievements and progress I have mentioned. The myriad of other activities shown in the report, reveal three things pertinent to our country's 200th anniversary celebration. First, our forefathers, 200 years ago, built well. The political system designed for free people which they set in motion is still sound. Second, the statistics in this report show that the people of this country still comply voluntarily with our broad-based and complex tax laws. Third, the statistics speak of a strong and dedicated work force of career civil servants in the IRS.

It is appropriate that the cover of this report depict the great leaders of this country who have contributed to its strength and to the tax system. George Washington, our first president, and Alexander Hamilton, our first Secretary of the Treasury, saw the need for the central government to have the authority to raise revenues. Abraham Lincoln was president when the first income tax law was enacted, and it was he who appointed the first Commissioner of Internal Revenue. Woodrow Wilson was president in 1913 when the constitutional amendment passed and the enabling legislation created the Federal income tax that has led to today's tax system.

I am glad to submit this, my final report to the American people.

Donald C. Alexander

Donald C. Alexander
Commissioner

Contents

Introduction

Chapter 1. Taxpayer Assistance	5
Chapter 2. Collecting the Revenue	11
Chapter 3. Insuring Compliance	23
Chapter 4. Technical Activities	37
Chapter 5. Employee Plans and Exempt Organizations	43
Chapter 6. International Programs	47
Chapter 7. Legal Activities	53
Chapter 8. Planning and Research	65
Chapter 9. Internal Management	75
Chapter 10. Appendix	87
Organization Chart	88
Map of Regions, Districts, and Service Centers	89
Chronological List of IRS Commissioners (1862-1976)	90
Principal Officers of the IRS	92
Audit Charts and Tables	97
Statistical Tables	129
Index	159

Addenda:

Statistical data used in the text and tables of this volume are on a fiscal year basis, unless otherwise noted. For example, data headed "1976" pertains to the fiscal year ended June 30, 1976.

In certain graphs and charts, to illustrate the text, figures have been rounded and may not add precisely to the printed totals in the statistical tables which are based on unrounded figures.

Fiscal year 1976 transitional data to this Annual Report are in a separate appendix, titled,

"Transitional Quarter Appendix to the 1976 Annual Report of the Commissioner of Internal Revenue, July 1-September 30, 1976".

Chapter 1.

Taxpayer Assistance



"Thousands of Internal Revenue officers and employees must be mobilized and intensively drilled so that they may go forth properly equipped to disseminate among the tax-paying public correct information as to tax procedure".

Daniel C. Roper
Commissioner of Internal Revenue 1918

Assisting Taxpayers

The American Tax System depends upon self-assessment and voluntary compliance. Every year taxpayers must determine their correct tax and file returns reporting it. Recognizing that taxpayers do not find this task easy, the Internal Revenue Service tries to help them to be in a better position to prepare their own returns.

During 1976, the IRS continued to expand assistance to taxpayers through a program designed to offer quality service, and to make taxpayer assistance readily available to taxpayers. Special training in basic tax law requirements was given to increase the effectiveness of taxpayer service personnel.

Before the 1976 filing period, a standard quality review system was implemented nationwide. The methods for providing taxpayer assistance were systematically monitored and measured, to insure the assistance was accurate, courteous, and timely. In over 600,000 contacts randomly sampled during the 1976 filing period (reviewing service prepared returns, observing walk-in inquiries, monitoring responses to taxpayer telephone inquiries, and reviewing referrals and correspondence), taxpayer assistants achieved an accuracy rate of about 90 percent.

The Service also gave special attention to the Taxpayer Service Specialist position in 1976. This professional position was created to provide a more highly qualified tax assistant to handle the more complex technical inquiries. Initially, just over one quarter of the Taxpayer Service Representatives (TSR's) were converted to Specialists.

Concurrently the TSR training courses were revised; and local training supplements were developed to make the course content better fit the job requirements. A Taxpayer Service Sampling Survey was also implemented at the beginning of the filing period to determine the content of actual questions asked by taxpayers to gear quality and training efforts to significant work areas.

Specific criteria were issued for locating Taxpayer Service offices, emphasizing convenience to public transportation and first floor locations. Low noise level and taxpayer privacy were important considerations in selecting locations. During the 1976 filing period, walk-in service was offered in about 740 permanent offices and in over 220 temporary filing-period-only offices. More offices were located in the inner city (133 in 1976 versus 112 in 1975), and in suburban and rural locations (185 in 1976 compared to 92 in 1975), for taxpayer convenience. Extended hours service was offered in most IRS offices, for taxpayers unable to call or visit during normal business hours.

The Service again provided special assistance to taxpayers speaking foreign languages, with 117 offices (and over 390 employees) offering tax assistance in Spanish and 148 offices (and over 500 employees) providing help in other foreign languages.

Under the Volunteer Income Tax Assistance Program (VITA) the Service trained over 20,000 volunteers who provided free tax assistance to elderly, Spanish-speaking, low-income, and other taxpayers in their communities. Over 150,000 individuals attended approximately 3,000 IRS sponsored classes on taxes.



An IRS instructor conducting a training class for Volunteer Income Tax Assistance (VITA) volunteers. The training provides the VITA volunteers with sufficient tax information to assist elderly and low-income taxpayers in their own neighborhoods to fill out their tax returns properly. Over 20,000 VITAS were trained by the IRS in 1976.

A major effort to raise the level of public awareness about the Earned Income Credit (EIC), which benefited low-income taxpayers, was emphasized in Taxpayer Service contacts and through liaison with other Service activities. This program included notices sent with the cooperation of other government agencies (Health, Education, and Welfare, Agriculture, Labor) to taxpayers who were eligible for the EIC. Notices were also sent by IRS to taxpayers who filed tax returns without claiming the EIC, but who apparently qualified based on tax return information. The Earned Income Credit was allowed to about 6 million taxpayers for a total of approximately \$1.2 billion, averaging out to some \$203 per taxpayer.

During 1976, the Service received about 38 million written, telephone, and walk-in inquiries. The total consisted of over 28 million telephone calls, more than 9 million walk-in inquiries, and over 150 thousand written inquiries. More than 60 percent of these inquiries occurred during the filing period from January 1 through April 30, 1976. In that period, the IRS received almost 17 million telephone calls, over 6 million walk-in inquiries, and over 60,000 written inquiries, for a total of over 23 million requests for assistance.

Toll-free telephone service was again offered nationwide.

Under this system, any taxpayer in the United States may call the IRS for assistance without having to pay a long-distance telephone charge. Toll-free numbers are listed in the income tax return packages provided to taxpayers. Taxpayers may also use the toll-free network to call for information or clarification of the bills and notices they receive relating to their accounts. These notices are accompanied by an enclosure which lists a toll-free telephone number and suggests that the taxpayer use the number to obtain assistance or further explanation.

The toll-free telephone system has provided taxpayers with greater telephone access to IRS offices and has made an IRS office as close to taxpayers as their own telephones.

The Service increased its efforts to employ and train seasonal employees, called WAE's (When Actually Employed). WAE's are regarded by the IRS as permanent employees that are willing to work on an as needed, less than full year schedule. Their training is identical to full schedule IRS employees and they are available to be called during peak workload periods. It is understood they will be furloughed when work diminishes. More than 1600 WAE personnel were trained as a reserve cadre for peak periods. This type of work force permits sufficient flexibility to cope with a wide range of work situations in an economical manner.

Tax Form Improvements

The Service continues in its efforts to ensure that the number and content of reports it requires of the public are kept to the absolute minimum needed to meet the requirements of the law and to permit efficient administration of the tax system. We continued to resist outside efforts to require nontax data on tax forms.

This year we stepped up our simplification effort with a line-by-line review of the major return forms in an attempt to delete unnecessary items and to insure that the forms did not place an undue burden on the public. Our efforts resulted in the elimination of larger numbers of forms and questions than in previous years.

Revenue Adjustment Act

Because the *Revenue Adjustment Act of 1975* was enacted on December 22, 1975, after the tax forms were sent to print, and because the new laws contained various, and in some cases, retroactive effective dates, we had to communicate the provisions of the Act to taxpayers who had already filed fiscal year returns as well as those who were about to file their calendar year returns.

We revised or developed forms, special instructions, tax computation worksheets and issued press releases to notify taxpayers of the tax law changes. Among the forms developed were Form 1040FY (1975-76), *Fiscal Year Tax Computation Schedule*; Form 1040ES, *Estimated Tax Worksheet*; and *Corporation Estimated Tax*, Form 1120-W (FY 1975-76), Form 1120-W (1976), Form 1120-W (1976-77).

New Pension Forms

During 1976, new pension forms were developed to implement the Employee Retirement Income Security Act of 1974. Of major importance were three forms requiring the joint efforts of the Department of Labor and IRS: Form 5500, *Annual Return—Report of Employee Benefit Plan (with 100 or more participants)*; Form 5500-C, *Annual Return—Report of Employee Benefit Plan (with fewer than 100 participants none of whom is an owner-employee)*; and Form 5500-K, *Annual Return—Report of Employee Pension Benefit Plan for Sole Proprietorship and Partnerships (with fewer than 100 participants and at least 1 owner-employee)*. The final version of the forms reflected IRS and DOL response to over 1600 public comments received as a result of publishing the proposed forms in the Federal Register for comment. The new Pension Law also required the development of annual information return Form 5329, *Return for Individual Retirement Savings Arrangement*, which is required to be filed by individuals who have established Individual Retirement Accounts.

Privacy Act Impact

September 28, 1975, was the effective date of the Privacy Act of 1974 provisions that affected many forms, letters, and notices which request information from individuals. The Privacy Act specifies, in part, that we must inform the taxpayer of the authority for the request, of whether compliance is mandatory or voluntary, of the principal purpose for which we intend to use the information, of the routine uses which may be made of the information, and of the effects on the taxpayer of not providing all or part of the information.

To comply with the provisions of the Act which affected over 200 major tax forms, we provided detailed information about the Act on Form 1040 and 1040A instructions to cover all forms, schedules, and supporting statements taxpayers use in connection with their individual tax returns. For filers in need of this information, new Publication 876, *Privacy Act Notification*, was developed between the effective date of the Privacy Act and the date filers received their Form 1040/1040A packages. In August 1975, Notice 403, the *Privacy Act of 1974*, was developed and sent to taxpayers who must furnish their social security numbers for tax administration purposes.

Communications With Taxpayers

During 1976, the Service's program to improve form letters, computer notices, and other similar taxpayer communications continued to be a major objective. A special unit of writer-editors continues to review all such standard communications to ensure they are personalized and understandable to the average taxpayer. National Office units and field offices reviewed a total of 1800 form letters and notices during the year and were able to eliminate 479 of them as duplicative or unnecessary.

The Service continues to inform taxpayers of their rights under the tax laws and to provide complete courteous responses to taxpayer inquiries.

Tax Publications

To reinforce information provided taxpayers during direct contact, and to assure nationwide consistency in the application of the tax laws, the Service also distributes, free of charge, a number of publications.



Taxpayer publications explain the tax law. Each year the IRS publishes numerous pamphlets and instructional packages to assist taxpayers in filing returns. The publications and forms pictured are only a small portion of the tax literature available to the taxpayer.

The major IRS publications are Publication 17, *Your Federal Income Tax*, Publication 334, *Tax Guide for Small Business*, and Publication 225, *Farmer's Tax Guide*. Also, the Service has issued publications dealing with special tax problems, such as reporting the sale of a personal residence or computing the value of donated property.

New tax publications developed in 1976 included Publication 591, *Tax Credit for the New Home Buyer*, Publication 592, *The Federal Gift Tax*, Publication 593, *Income Tax Benefits for U.S. Citizens Who Go Overseas*, Publication 595, *Tax Guide for Commercial Fishermen*, Publication 596, *Tax Benefit for Low-Income Individuals*, Publication 597, *Information on the United States-Canada Income Tax Treaty*, Publication 598, *Tax on Unrelated Business Income of Exempt Organizations*.

Besides our own review, we solicit suggestions from taxpayers, practitioners, organizations, industry groups, and other interested parties for improving tax forms and instructions and reducing reporting requirements. This year for the first time we held a public hearing on Form 1040 and 1040A. Announcements were published in the Federal Register and in the Internal Revenue Bulletin. Local newspapers ran articles inviting all interested persons to present their comments, and public interest groups were encouraged to participate. Nonetheless, only two speakers participated.

Among the changes made on the 1975 return was the addition of address information boxes requested by the Census Bureau for Revenue Sharing purposes. A line was added for the new earned income credit for certain individuals with less than \$8,000 adjusted gross income, and for the new deduction of \$30 for each personal exemption other than exemptions for age and blindness. Also, optional tax tables were expanded to cover adjusted gross income of up to \$15,000.

The Mass Media

The Service continued to use the nation's mass media to furnish tax information to the public. In 1976, over 17,900 radio and TV stations, daily and weekly newspapers, and magazines received material prepared by the IRS to inform and assist taxpayers. Service personnel participated in 6,432 interviews, answered 19,243 media inquiries, and made 5,642 talks to citizen groups.

Nearly 8,200 news releases were issued to the media. These releases covered such topics as services available to taxpayers, appeal rights, correct filing of returns, the Presidential campaign fund check-off, tax advice for disaster victims, earned income credit, pension benefit plans, the real estate allowance, the personal exemption allowance, as well as numerous releases relating to rulings, procedures, regulations, and other legal interpretations, positions, and announcements.

Some of the releases, as well as radio and TV scripts, were translated into Spanish for use in areas where it is widely spoken as a second language. Tax question-and-answer columns were written for nationwide distribution to weekly newspapers and magazines.

The Service also produced and distributed to field offices two color films; one covering audit and appeals procedures, and the other providing tax information to assist small businessmen. These IRS films were shown on 152 occasions by TV outlets and 2,430 occasions by civic associations and educational groups from January through June of 1976.

Electronic Tax Service

The Integrated Data Retrieval System (IDRS), which links all district and area offices and Puerto Rico through video terminals to computer files at the IRS service centers, processed 282.2 million inquiries during 1976.

The installation of large computers and related components with faster processing capabilities has enabled the Service to be more responsive to taxpayer requests and has caused rapid growth in the use of the equipment. The IRS service centers processed an average of 2.4 million inquiries per service center each month during the last half of 1976 compared to 1.8 million in the same period in 1975, an increase of 33 percent.

Chapter 2

Collecting the Revenue



When the Internal Revenue presented Mark Twain with an 1864 tax bill for \$36.82, plus a \$3.12 delinquency penalty, he wrote his editor, "I am taxed on my income. This is perfectly gorgeous. I never felt so important in my life".

Mark Twain's Letters,
Albert B. Paine, Editor
Harper & Row, 1917

Receipts

Gross revenue collections in FY 1976 totaled \$302.5 billion, an increase of \$8.7 billion (3.0 percent) over fiscal 1975. Collections passed the \$300 billion mark for the first time, just four years after the \$200 billion level was achieved and thirteen years after the \$100 billion line was crossed. The growth in collections was the smallest in five years due, partly, to tax reductions for individuals and corporations under the 1975 Tax Reduction and Revenue Adjustment Acts.

Income taxes accounted for over two-thirds of all tax receipts. Individual income taxes amounted to \$159.0 billion, up \$2.6 billion (1.6 percent) over 1975. Corporate income taxes were \$46.8 billion, an increase of \$1.0 billion (2.3 percent).

Employment taxes of \$74.2 billion registered the largest dollar increase for the year, rising \$4.1 billion (5.8 percent). An increase in the social security wage base and higher wage and salary levels were major factors affecting this area.

Excise tax revenue of \$17.3 billion rose \$0.4 billion (2.4 percent). Receipts from this source reflected a general increase despite a reduction in manufacturers' tax on trucks and buses, the continued phasing out of the telephone excise tax, and repeal of the sugar tax.

Estate and gift tax collections of \$5.3 billion recorded the largest rate of increase of any major tax category for the year, advancing 13.2 percent (\$0.6 billion). Both the estate and gift tax components of this combined tax class were higher.

Returns Filed and Refunds Issued Individual Income Tax* January-June (Cumulative 000's, cumulative percentages)

1975	Jan	Feb	Mar	Apr	May	June
Returns Filed						
Volume	9,721 ^r	37,266	54,252	81,244 ^r	82,370	83,278
Percent	11.7	44.7	65.1	97.6	98.9	100
Refunds Issued						
Volume	2,336 ^r	21,989	41,494	58,402 ^r	63,598	64,730
Percent	3.6	34.0	64.1	90.2	98.3	100
1976						
Returns Filed						
Volume	8,082	34,460	50,800	80,031	81,185	82,096
Percent	9.8	42.0	61.9	97.5	98.9	100
Refunds Issued						
Volume	2,2632 0	5 6 4	40,364	56,802	62,614	63,837
Percent	3.5	32.2	63.2	89.0	98.1	

*Returns processed by National Computer Center and scheduled for issuance by Regional Disbursing Centers. Includes only forms 1040 and 1040A. Excludes Tax Rebates/refunds.
r Revised.

During Fiscal Year 1976 the Internal Revenue Service paid refunds of \$34.7 billion to 68.0 million taxpayers whose payments and credits exceeded their tax liabilities. In Fiscal Year 1975 a total of 122.5 million refunds totaling \$40.1 billion were paid. In both fiscal years the number and amount of individual refunds were affected by the Tax Reduction Act of 1975. Included in 1976 data are 4.2 million checks totaling \$0.9 billion for the new Earned Income Credit (EIC). For further details on EIC, see Table 19 in the Appendix. In Fiscal Year 1975 we paid \$7.9 billion in 1974 Tax Rebates and generated 54.7 million extra checks for rebate refunds alone. This accounted for the unusually high volume of individual checks issued in Fiscal Year 1975.

IRS Service Centers received 127.1 million tax returns in 1976, compared to more than 126 million in 1975. Individual and fiduciary returns totaled 84.1 million

compared to 85.5 million in 1975. The decrease is attributed to economic conditions and the increase in the standard deduction which changed the filing requirements and thus decreased the filing population. Nearly 28 million individual taxpayers, 34 percent of all individual filers, used the short Form 1040A in 1976 as compared to more than 22 million in 1975, an increase of 24 percent in the number of Forms 1040A filed. The Service received 54.5 million Forms 1040, an 11 percent decrease from the 61.4 million in 1975. The reduction in Form 1040 filers and the increase in Form 1040A filers was triggered by a Form 1040A mailout to some 13.8 million individuals who had previously filed Form 1040, but whose income indicated that they could use the short form.

Number of returns filed, by principal type of return (Figures in Thousands. For details, see table 7, in Appendix)

Type of Return	1975 ¹	1976
Grand Total	126,049	127,087
Income Tax, Total	96,311	95,237
Individual	84,004	82,495
Declaration of estimated tax	7,543	7,844
Fiduciary	1,514	1,610
Partnership	1,138	1,143
Corporation	2,112	2,144
Estate Tax	216	236
Gift Tax	260	302
Employment Tax	24,757	24,677
Exempt Organization	374	474
Employee Plans	1,104	782
Alcohol, Tobacco, and Firearms	602	512
Excise Tax	825	580
Supplemental Documents	1,600	3,987

¹The classification of returns has been changed from prior reports. The Supplemental Documents category in 1976 includes returns not previously counted; in addition it includes Form 1040X which increases the 1975 Grand Total by 931,634.

Gross Internal Revenue Collections

(Dollars in thousands. For details see table 1 in appendix)

Source	Percent of 1976 Collections	Increase or Decrease			
		1975	1976	Amount	
Grand total ¹	100.0	293,822,726	302,519,792	8,697,066	3.0
Income taxes, total	68.0	202,146,097	205,751,753	3,605,656	1.8
Corporation	15.5	45,746,660	46,782,956	1,036,296	2.3
Individual, total	52.5	156,399,437	158,968,797	2,569,360	1.6
Withheld by employers ²	40.8	123,103,137	123,440,963	1,337,826	1.1
Other ³	11.7	34,296,301	35,527,834	1,321,533	3.6
Employment taxes, total	24.5	70,140,809	74,202,853	4,062,044	5.8
Old-age survivors disability and hospital insurance, total	23.5	67,136,584	70,983,718	3,847,134	5.7
Federal insurance contributions	22.3	63,720,164	67,465,480	3,745,316	5.9
Self-employment insurance contributions	1.2	3,416,420	3,518,238	101,818	3.0
Unemployment insurance	0.5	1,388,082	1,562,752	174,670	12.6
Railroad retirement	0.5	1,616,143	1,656,384	40,241	2.5
Estate and gift taxes	1.8	4,688,079	5,307,466	619,387	13.2
Excise taxes, total	5.7	16,847,741	17,257,720	409,979	2.4
Alcohol	1.8	5,350,858	5,427,722	76,874	1.4
Tobacco	0.8	2,315,090	2,487,894	172,804	7.5
Other	3.1	9,181,794	9,342,104	160,310	1.7

¹Collections are adjusted to exclude amounts transferred to the Government of Guam.

²Estimated.—Collections of individual income tax withheld are not reported separately from old-age, survivors, disability and hospital insurance (AASDHI) taxes on wages and salaries. Similarly, collections of individual income tax not withheld are not reported separately from AASDHI taxes on self-employment income. The amount of AASDHI tax collections shown is based on estimates made by the

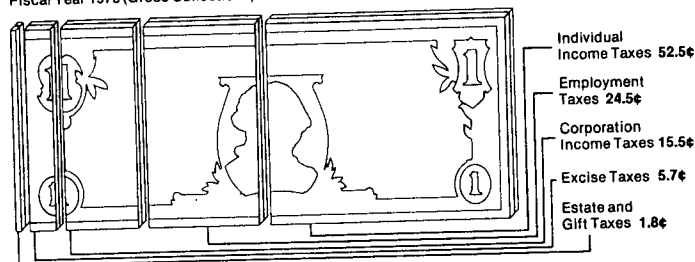
Secretary of the Treasury pursuant to the provisions of sec. 201(a) of the Social Security Act as amended, and includes all AASDHI taxes. The estimates shown for the two classes of individual income taxes were derived by subtracting the AASDHI tax estimates from the combined totals reported.

³Includes Presidential Election Fund amounting to \$31,656,525.

⁴Includes Presidential Election Fund amounting to \$33,549,118.

The Tax Dollar Where It Came From

Fiscal Year 1976 (Gross Collections)



Net Internal Revenue Collections

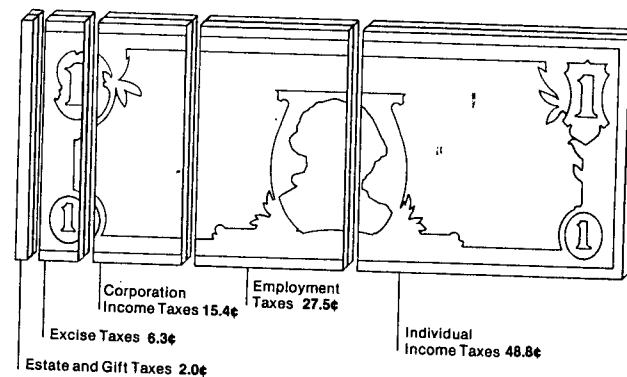
(Including tax rebates) through June 30, 1976
 (Dollars in thousands)

Source	Collections	Net Collections		Percent of Total
		Refunds ¹	Amount	
Grand total	302,519,792	34,375,979	268,143,813	100.0
Corporation income taxes	46,782,956	5,374,727	41,408,229	15.4
Individual income taxes	158,968,797	28,174,331	130,794,466	48.8
Employment taxes, total	74,202,853	439,573	73,763,280	27.5
Old-age, survivors, disability and hospital and insurance	70,983,718	407,628	70,576,090	26.3
Railroad retirement	1,656,384	348	1,656,036	0.6
Unemployment insurance	1,562,752	31,597	1,531,155	0.6
Estate and gift taxes	5,307,466	90,957	5,216,509	2.0
Excise taxes	17,257,720	296,390	16,961,330	6.3

¹Does not include interest paid on refunds.

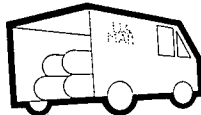
The Tax Dollar Where It Came From

Fiscal Year 1976 (Net Collections)

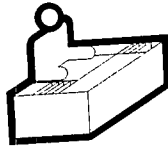


Pipeline

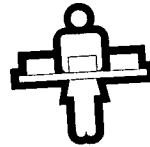
At the ten Regional Service Centers, tax returns are:



1. Received at the service centers.



2. Envelopes are opened and counted.



3. Returns are sorted by type of return.



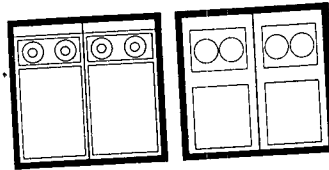
4. Tax returns and accompanying checks are compared.



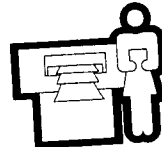
5. Returns are edited and coded for computer processing.



6. Tax return information is fed into the computer.



7. IRS computers perform validity checks on tax returns.



8. Refund checks are printed by Treasury Department Disbursing Center.

Once a tax return reaches one of ten IRS Service Centers, it travels through a series of processing steps known as "the pipeline." While many parts of the pipeline

shown here are automated for faster processing and faster refunds, people are involved every step of the way.

Tax Reduction Act of 1975

The Tax Reduction Act of 1975, P.L. 94-12, provided for allowable credits for Earned Income, Personal Exemptions, and Purchase of Residences. The Earned Income Credit is in effect a negative income tax; it provides for a 10 percent refundable credit with a maximum of \$400 reduced by 10 percent of Adjusted Gross Income over \$4,000. The Personal Exemption Credit provides for an additional \$30 personal exemption tax credit. The House Purchase or Residence Credit provides for a maximum of \$2,000 tax credit on the purchase of a new principal residence, the construction of which was commenced prior to March 26, 1975 and purchased between March 12, 1975 and January 1, 1976.

Data on these several credits for Tax Year 1975 is shown in the following table:

Tax Reduction Act of 1975

Selected Credits
(through June 30, 1976)

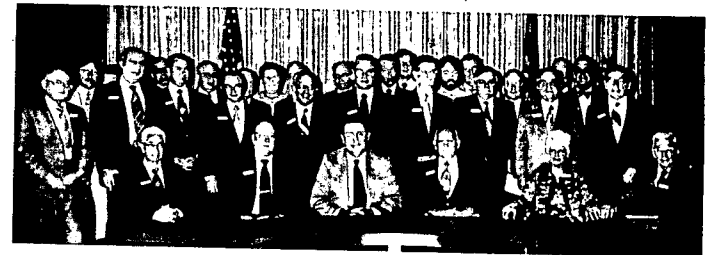
	Number	Amount
Earned Income Credits	6.0 million	\$1.2 billion
Personal Exemption Credits	190.5 million	\$5.7 million
Residence Credits	472 thousand	\$653 million

Table 19 in the Appendix shows district data for and information about the application of the Earned Income Credits.

Presidential Election Campaign Fund

During Fiscal Year 1976 a total of 21.1 million individual income tax returns had designations for the the Presidential Election Campaign Fund (PECF); this was 25.5 percent of the returns processed by the Internal Revenue Service in that period. The total amount designated in Fiscal Year 1976 was \$33.5 million. In Fiscal Year 1975 there were 19.9 million individual tax returns with PECF designations totaling \$31.7 million.

The cumulative amount credited to the Presidential Election Campaign Fund since the check-off was initiated in 1972 is \$95.2 million.



Treasury Department Awards honored 36 Internal Revenue Service employees in recognition of exceptional "suggestions, achievements, and other noteworthy

accomplishments" during the past year. Deputy Commissioner William E. Williams (front row, third from left) met with recipients after Treasury ceremonies.

Mathematical Verification

During the year, the IRS checked the mathematics on 83.0 million individual returns. The IRS calculated the tax on 1.1 million returns, manually verified the tax on 2.6 million returns and computer verified the accuracy of taxpayer's calculation of tax on 79.3 million returns. This verification of returns detected an increase of more than 3 million errors over 1975. The Service believes this increase is a result of the Earned Income Credit and the Personal Exemption Credit features of the 1975 Tax Reduction Act—new provisions that made the law more complex and the forms more difficult. As a result of computer verification, 3.9 million taxpayers had decreases in the tax liability shown on their returns totaling \$311 million, an average of

\$81 per return. These decreases resulted in either a larger refund for the taxpayer or a smaller tax due billing. On 3.1 million returns, errors by taxpayers increased their tax liability by \$492 million, an average of approximately \$156 per return. The results of this year's computer mathematical verification program are shown in the table below.

In addition to mathematical verification of returns, the Service also used its computers to check the estimated tax credits claimed on individual returns. This verification determined that taxpayers underclaimed \$195 million in estimated credits and overclaimed credits by \$418 million.

Individual Income Tax Returns Mathematically Verified By Computer (In Thousands)

	1975	1976
Number verified by computer	81,067	79,312
Number of returns on which mathematical errors were detected	3,771	7,001
Percent of returns with mathematical errors	4.7	8.8
Returns with increase:		
Number	2,014	3,144
Amount	\$270,095	\$491,916
Average amount (dollars)	\$134.14	\$156.47
Returns with decrease:		
Number	1,757	3,857
Amount	\$163,251	\$310,682
Average amount (dollars)	\$92.91	\$80.56

Income Sources on Magnetic Tape

During 1976, the IRS received more than 462 million information documents from businesses and organizations required to report payments of wages, interest, and dividends. Nearly 217 million of these documents were submitted on magnetic tape in 1976 as a result of the Service's program of actively encouraging all organizations which have tape capability or access to computers to report on tape. The increase in the number of reporting entities to 28,258 reflects a shifting by many organizations from paper filing to magnetic tape filing.

Information Documents Reported on Magnetic Tape

Tax Year	Documents (Thousands)	Reporting Entities
1966	26,248	591
1967	36,492	1,048
1968	47,686	2,426
1969	58,951	2,963
1970	68,300	4,637
1971	91,449	8,504
1972	115,008	12,758
1973	144,533	13,128
1974	185,554 ^f	21,862 ^f
1975	216,756	28,258

^fRevised

Reporting Requirements for Railroad Retirement

Treasury Decision 7396 was approved on January 5, 1976. Employers filing Forms CT-1, Employers Quarterly Railroad Retirement Tax Return, will no longer have to file the returns after each quarter of the year. The new requirement reduces the filing of the return to once a year. Requirements for periodic depositing of taxes remain unchanged.

This reduction in the frequency of filing the CT-1 return is beneficial to the employers by reducing the cost of preparing the returns. The Service will realize a similar savings in the cost of processing the returns.

The first annual CT-1 for tax year 1976 is due February 28, 1977.

Delinquent Taxes and Compliance

In its mission to maintain the highest degree of voluntary compliance with the tax laws, the Service makes every reasonable effort to secure delinquent returns and to collect delinquent taxes. These activities are constantly monitored to ensure appropriate and uniform application of the laws, and to protect the rights of taxpayers.

During 1976, the Service reduced both the number of outstanding delinquent accounts assigned to district offices and the dollar value of those accounts. Compared to 1975, the number of delinquent accounts cases assigned to district offices declined by over 21 percent, while the total dollar value of these accounts was reduced by nearly 12 percent.

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Since nonpayment of business taxes withheld from employees' wages continues as the foremost delinquency problem facing our collection activity, we have developed several programs to deal with those violations. The Delinquency Prevention Program, identifies potential business delinquents at a time when the situation can be reviewed and the causes of the problem corrected. The new Federal Tax Deposit System, which reduces processing time by more than half, is presently implemented in several Service Centers with full implementation scheduled before the end of calendar year 1976. The Trust Fund Compliance Program was revised to allow institution of civil measures as well as criminal prosecution of chronic noncompliance cases, to provide uniform criteria for selection of cases, and expand the number of those cases which can be monitored.

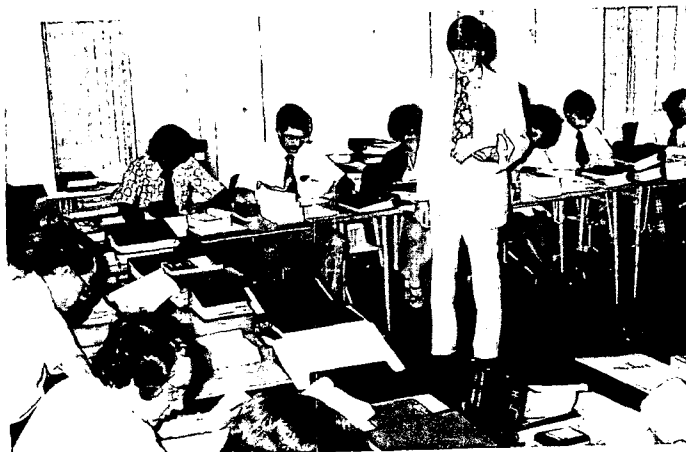
Program Accomplishments

In 1976, the collection activity disposed of over 2.7 million delinquent accounts receivable, including approximately 327,000 cases in which the taxpayer, when notified of a delinquency, contacted the IRS field offices to resolve the matter ("notice cases"). The remaining 2.4 million delinquent accounts required field contact by district employees. Approximately 59 percent of these field contacts involved business taxpayers.

Nearly \$3.5 billion in delinquent taxes was collected during the year, an increase of approximately \$700 million over 1975. District personnel also disposed of over 1.3 million failure to file investigations, including 300,000 categorized as returns compliance program leads. For 1976 approximately 785,000 delinquent returns were secured involving nearly \$540 million in additional taxes.



Most new Revenue Agents enter the IRS with a bachelor's degree, including at least 24 credits in accounting and related subjects. Many also hold master's degrees in fiscal or public administration. The IRS training provides specific orientation in the Revenue Code and related tax laws.



New Revenue Agents receive intensive classroom and on-the-job training in tax law, research, report writing, audit techniques, fraud discovery, and taxpayer relations. This

instruction prepares new agents for their complete scope of responsibilities when they reach assignments.

Collection Initiatives

Repeater delinquents have always been a primary concern of the Service. During 1976, 21 percent of delinquent individual income taxpayers were "repeaters," while the rate for business taxpayers was 55 percent. Because of the high business repeater rate and the fact that these taxpayers are required to hold "in trust" the withheld taxes of their employees, the Service continues to stress the importance of bringing business "repeaters" into voluntary compliance, primarily through the Trust Fund Compliance Program. At the beginning of 1976, there were 224,000 taxpayers with delinquent trust fund accounts amounting to over \$756 million. Of these accounts, 2,800 had a balance due of \$25,000 or more. At the end of 1976, the number of taxpayers with delinquent trust fund accounts had been reduced to some 143,000 with an outstanding balance of approximately \$630 million. The number of delinquent trust fund accounts over \$25,000 also declined to slightly over 2,300.

As early as the fall of 1974, the Service began a review of collection policies and procedures. This continuing reappraisal is based on internal studies, as well as recommendations from outside sources such as congressional committees, public interest groups, and the Administrative Conference of the United States. By the end of 1976, several new initiatives had been considered, tested, and adopted. The primary objective of the initiatives is to ensure that collection matters are handled in a fair, impartial manner.

Some of the more important changes developed as a result of the initiatives are as follows:

In an effort to streamline the collection process, the Service has reduced the quantity of financial information required from most taxpayers involved in collection

proceedings. Several arrangements for satisfaction of tax liabilities can now be made by telephone or correspondence, rather than requiring field or office meetings. The increased use of post dated checks and of payroll deductions have also reduced the necessity for additional contacts and should reduce the number of defaulted agreements.

Notices sent by mail are being revised to provide for clearer communications with taxpayers. In addition to sending taxpayers IRS Publication 586, *The Collection Process*, which presents the procedures followed by the Service in collecting income taxes and explains the taxpayer's rights under these procedures. A similar publication is being developed for business taxpayers.

Taxpayers are now notified whenever a Notice of Federal Tax Lien has been filed against their property. Other procedures have been instituted to ensure that these liens are promptly and properly released without taxpayers having to request the release.

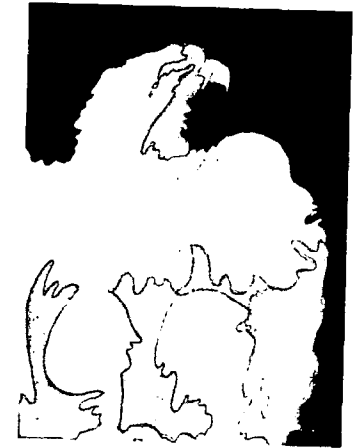
The other implemented program changes include recognizing taxpayer differences, such as, ability to pay, past delinquency record, and the source of taxpayer's income, as well as increasing managerial involvement prior to initiation of enforcement action, and protecting the rights of third parties involved in collection actions.

Gross tax, penalties and interest resulting from direct enforcement
(In thousands of dollars)

Item	1975	1976
Additional tax, penalties, and interest assessed,		
total	5,165,885^f	5,092,524
From examination of tax returns, total	4,526,347	4,447,318
Income tax, total	3,839,758	3,696,151
Corporation	2,596,803	2,308,766
Individual and fiduciary	1,242,955	1,387,385
Estate and gift tax	482,250	472,491
Employment tax (including withheld income tax)	131,082	191,140
Excise tax	73,257	87,536
From delinquent returns secured, total	639,538 ^f	645,206
By district collection divisions	510,298 ^f	539,904
By district audit divisions	129,240	105,302
Delinquent taxes collected, total	2,819,752	3,492,496

^fRevised.

Chapter 3
Insuring Compliance



"I question whether any people ever paid a tax more honestly and accurately, and I question still more whether any free people ever imposed upon themselves, through their chosen representatives, taxes so thick and fast."

Senator Justin S. Morrill
Chairman, Subcommittee on Taxation 1865

Audit of Returns

The IRS audits tax returns in order to help ensure the highest possible degree of voluntary compliance with the tax laws. While audit activity is the primary method that the IRS uses to encourage voluntary compliance, every return is subject to scrutiny by IRS employees and computers. When a return is received in one of the 10 IRS service centers, it is first checked manually for completeness and accuracy and for certain obvious errors such as the claiming of a partial exemption or duplicate deductions. Then the service center's computers check the accuracy of the taxpayer's arithmetic (see Mathematical Verification, page 18) and pick up other errors which may have escaped manual detection, such as the failure to reduce medical deductions by 3 percent of adjusted gross income.

Returns Selection

The primary method used by the IRS in selecting returns for audits is a computer program of mathematical formulae - the Discriminant Function System (DIF) - which measures the probability of tax error in each return. Returns identified by the DIF system as having the highest error potential are selected for audit. Since this system was introduced in 1969, the IRS has reduced the number of taxpayers contacted whose audit would result in no tax change (all taxes) from a peak of 43 percent in 1968 to a historic low of 22 percent in 1976. The Service is continuing its efforts to reduce the number of no change examinations and repetitive audits that result in no changes. In 1976, procedures were implemented to dispense with an examination in certain circumstances when the taxpayer has been audited for the same issue in either of two prior years and the audit resulted in little or no change in tax.

Returns may also be chosen for audit under the Taxpayer Compliance Measurement Program (TCMP), a computerized system which makes a random selection of returns within income classes for research purposes, such as updating DIF formulae on more current taxpayer filing and reporting characteristics. Audits conducted under TCMP must be more intensive than most in order to develop the information required by TCMP.

The computer selection of returns is complemented by manual selection in various instances. For example, if the IRS is auditing the return of a partnership (or of one business partner), the returns of the partners (or additional partners) may also be audited. Other returns may be manually selected as a result of information from other enforcement activities, news reports, or criminal investigations. The IRS also screens returns with adjusted gross income above certain limits, and some returns of taxpayers who submit claims for refund or credit after filing their returns.

Results of Audit Activity

The IRS audited 2,546,419 tax returns of all types in 1976, 80,714 more than the 2,465,705 audited in 1975. The 1976 total was more than in any year since 1968, when 2,903,722 were examined. Of the total returns audited in 1976, 141,204 were examined in service centers, compared to 112,550 last year. The remainder were examined in district offices by revenue agents, tax auditors, and employee plans and exempt organizations (EP/EO) specialists. Examinations conducted by revenue agents and EP/EO specialists under field audit techniques totaled 779,770 returns, a decrease of 32,566 returns or 4 percent from last year. [Examinations of Employee Plans decreased about 36,000 returns, (this decrease is largely due to a change in methodology used in reporting referrals from Audit Division), and Exempt Organizations decreased about 4,000 returns with an increase of about 7,000 examinations in other tax areas.]

Number of Returns Examined (Thousands) Fiscal years 1972 thru 1976

Type of Return	1972	1973	1974	1975	1976
Revenue Agents Grand Total	593	588	689	817	780
Income Tax Total	424	411	506	606	559
Individual	264	260	306	355	327
Fiduciary	7	5	5	12	18
Corporation	135	122	134	153	167
Exempt Organizations	18	22	19	21	17
Employee Plans (990P and 4848)	NA	2	42	65	30
Estate and Gift Tax	35	41	49	50	50
Excise & Employment	133	136	133	156	171
Tax Auditors Grand Total	1,103	1,183	1,419	1,540	1,625
Income Tax Total	1,073	1,143	1,377	1,486	1,561
Individual	1,072	1,143	1,376	1,483	1,560
Fiduciary	*	*	*	*	*
Corporation	1	—	—	2	—
Exempt Organizations	—	—	1	1	—
Employee Plans (990P and 4848)	NA	—	—	—	—
Estate and Gift Tax	5	8	10	12	11
Excise and Employment	25	31	32	42	53
Service Center Grand Total	—	—	80	113	141
Income Tax—Individual	—	—	80	105	135
Excise Tax	—	—	—	8	6
Total Grand Total	1,696	1,771	2,188	2,465	2,546
Income Tax Total	1,497	2,554	1,963	2,197	2,255
Individual	1,336	1,404	1,762	1,943	2,022
Fiduciary	7	5	5	12	18
Corporation	136	122	134	155	168
Exempt Organizations	18	22	20	22	17
Employee Plans (990P and 4848)	NA	2	42	65	30
Estate and Gift Tax	40	49	59	62	61
Excise and Employment	158	167	165	206	230

*1974 Revised Data
*Less than 500

Examinations conducted by tax auditors under office audit procedures numbered 1,625,445 returns, an increase of 86,277 returns or 6 percent over last year. Audit coverage of income, estate and gift tax returns increased to 2.59 percent compared to 2.55 percent achieved in 1975.

The Service's examination program resulted in \$5.2 billion of additional tax and penalties recommended. While recommendations exceeded \$5 billion for the fourth straight year, the total was about \$156 million below last year.

During 1976, assessments totaled \$4.4 billion, including \$3.7 billion in assessed tax and penalties and \$717 million in interest. In 1975, assessments amounted to \$4.5 billion, of which \$3.8 billion represented tax and penalties and \$695 million represented interest.

Examiners are required to determine a taxpayer's correct tax liability—no more, no less. This means that examiners look for indications that taxpayers have overstated, as well as understated, their tax liability. In 1976, Service examinations disclosed overassessments on 137,455 returns, accounting for refunds of \$290.5 million.

Service Center Programs

The IRS service center review program began in 1972. It is generally limited to the verification or resolution of issues which can be satisfactorily handled by service center personnel through correspondence with the taxpayer. More than 1,882,000 returns were checked in service centers in 1976, a 42 percent increase over 1975.

Most of these returns involved obviously unallowable items, such as medical expenses not reduced by the 1 percent and 3 percent limitations. Approximately 1,474,000 returns were corrected in 1976, compared to approximately 952,000 in 1975.

The service centers also conducted correspondence examinations of returns selected under district office criteria involving issues such as charitable contributions or interest payments, which generally can be resolved through correspondence with the taxpayer. A total of 141,204 returns in this category were examined during 1976, an increase of nearly 25 percent over the 112,550 examined in 1975.

Computer Assisted Audits

The Service has an ongoing program to use computers in audits of tax data in automated accounting systems. Both generalized computer programs and specifically developed programs are used to retrieve and analyze data essential to an examination. These computer programs permit an automated "eye-balling" of massive data files with the printout of only those items of possible audit interest. Both taxpayers and the IRS save time and expense since computer assisted audits can be done in a fraction of the time needed to do the same job manually.

Over 8,000 applications of these computer audit techniques were performed in 1976, double that of 1975. These are done by computer audit specialists, experienced revenue agents who have received intensive training in computer hardware, programming languages, and audit techniques.

The Program Audit Library (PAL), a system of generalized computer programs developed by the Service and designed specifically for tax audits, was expanded in 1976 to include statistical sampling techniques. PAL also includes programs for data selection, stratification, and summarization.

Recommended Additional Tax and Penalties (millions) Fiscal years 1972 thru 1976

Type of Returns	1972	1973	1974 ¹	1975	1976
Revenue Agents Grand Total	3,177.8	4,798.6	5,549.7	4,811.3	512.6
Income Tax Total	2,612.5	3,955.4	4,790.0	3,912.5	3,693.4
Individual	761.3	858.4	881.5	926.7	947.8
Fiduciary	18.3	15.2	15.2	21.0	71.2
Corporation	1,828.6	3,068.8	3,888.1	2,931.9	2,660.0
Exempt Organizations	4.3	13.2	4.8	32.5	13.3
Employee Plans (990P and 4848)	NA	NA	.4	.4	1.1
Estate and Gift Tax	432.2	690.4	564.3	611.2	581.7
Excise & Employment	133.1	152.7	195.4	287.6	237.5
Tax Auditors Grand Total	235.4	269.9	297.3	355.5	415.3
Income Tax Total	222.3	248.6	273.6	327.0	380.6
Individual	221.9	248.1	273.2	325.6	379.7
Fiduciary	.1	.2	.1	.3	.1
Corporation	.3	.3	.3	1.1	.8
Exempt Organizations	—	—	—	—	—
Employee Plans (990P and 4848)	—	—	—	—	—
Estate and Gift Tax	6.8	9.9	13.2	14.4	15.2
Excise and Employment	6.3	11.4	10.5	14.1	19.5
Service Center Grand Total—	—	—	62.2	143.7	226.3
Income Tax—Individual	—	—	62.2	142.9	225.6
Excise Tax	—	—	—	.8	.7
Total Grand Total	3,413.1	5,068.4	5,909.2	5,310.5	5,154.2
Income Tax Total	2,834.8	4,203.9	5,125.8	4,382.4	4,299.5
Individual	983.2	1,106.5	1,216.9	1,395.2	1,553.1
Fiduciary	18.4	15.4	15.3	21.3	71.3
Corporation	1,828.9	3,068.8	3,888.4	2,933.0	2,660.7
Exempt Organizations	4.3	13.2	4.8	32.5	13.3
Employee Plans (990P and 4848)	NA	—	.4	.4	1.1
Estate and Gift Tax	439.0	700.3	577.5	625.6	596.9
Excise and Employment	139.4	164.1	205.9	302.5	257.8

¹1974 Revised Data

Coordinated Examination Program

All large case taxpayers, (except financial institutions and utilities) whose gross assets exceed \$250 million are included in the Coordinated Examination Program. Financial institutions and utilities are included in the program if their gross assets exceed \$1 billion.

Because large case taxpayers have complex accounting operations and tax issues, the Service turned to the team audit or coordinated examination concept when examining the tax returns of these taxpayers. This approach combines the skills of the accountant-revenue agent with those of economists, computer audit specialists, international tax examiners, engineering agents, excise tax examiners, employee plans examiners and employment tax examiners.

At the end of FY 1976, there were 1240 large cases in this program which averaged 2.7 open years per case. This is the fourth consecutive year the average open years in the large case program has been less than 3.0 per case.

During FY 1976, the IRS expanded its practice of conducting industry-wide audits the contemporaneous examination of major companies in a given industry. Nine industries are currently being audited by this approach, four more than in 1975.

Tax Shelter Program

In 1974, the IRS established a nationwide tax shelter examination program coordinated by the National Office. Due to the multi-district involvement of promoters and investors, these examinations were conducted under industrywide audit concepts. This approach insures a greater degree of consistency and uniformity in the Service's overall treatment of the tax aspects of shelter programs.

Examination of tax shelters are conducted by field personnel analyzing the entire enterprise first to determine whether participants, barring unexpected problems, can reasonably be expected to earn a profit appropriate to the investment and degree of risk involved. The business is then studied for the possibility of improper or excess allocation of deduction and also to make certain that individual items causing operating losses are properly claimed deductions.

Computer-assisted audit techniques are being used, when appropriate, to assist in the examination of large partnership tax shelters. These shelters generate many related tax returns and present a major clerical problem to the Service. To correct this, the Service has developed computer programs to expedite the manual processing work flow in these examinations.

During 1976, the Service conducted examinations of possible tax shelter abuses by investors in the oil and gas, real estate, farm operations, and motion picture industries. The program will be expanded in 1977 to include other widespread abusive shelters.

Joint Committee Review

The Internal Revenue Code calls for the reporting of all large income, estate and gift tax refunds and credits to the Joint Committee on Internal Revenue Taxation. During 1976, 1,506 cases involving overassessments of \$1 billion were reported to the Joint Committee, as compared with 1,356 cases and \$969 million in 1975.

During 1976, some changes were adopted to permit more efficient handling of these cases. Until this year, final decisions and reports to the Joint Committee on these cases had to be made in the National Office, in the name of the Commissioner. Now, the Regional Commissioners are authorized to take these actions on cases within their regional jurisdiction. In addition, the Assistant Commissioner (Compliance) now has authority to take final action for the Commissioner on matters formally presented by the Joint Committee relating to reports submitted under this provision of the Internal Revenue Code.

Audit Information Management System

The Audit Information Management System (AIMS) is a video terminal oriented management information and case control system replacing the current System for Controlling Returns in Inventory and Production (SCRIP). The new System is an expansion of the existing Integrated Data Retrieval System (IDRS) currently located in the IRS service centers.

This new System was successfully pilot tested in 1976, and will be implemented nationwide during 1977. AIMS will provide for more rapid responses to taxpayer inquiries and faster assessment and refund action resulting in improved taxpayer relations. Also, the System will provide for automated control and verification of assessments from the point of origin in the district office and service center.

The perpetual inventory feature of the new system provides prompt location of any return in the Audit Division. This feature combined with more timely produced management reports will permit increased efficiencies in staffing and better workload management and control.

Technical Reference Information System

In 1976, the Service began nationwide use of the Technical Reference Information system (TRI). This system involves computerized legal research. All or any portion of court decisions, revenue rulings, statutes or portions of the Internal Revenue Manual can be retrieved through TRI. IRS personnel are able to research issues more quickly and thoroughly than by doing traditional manual research, with resulting monetary savings. The IRS is currently leasing 15 computer terminals and plans to install a number of additional terminals.

Computer Production of Reports on Audit Changes

In 1976, the Service increased its use of automated report-writing equipment for the production of Form 1902-E, Report of Individual Income Tax Audit Changes, and accompanying Form 3547, Explanation of Adjustments, through the acquisition of 40 report-writing machines. Located in local district offices, the new equipment replaced older, antiquated equipment in several districts, and provided a facility for automated on-site preparation of audit change reports in many district offices which previously did not have such a capability. The new equipment will improve the ability of district offices to service the increasing office audit workload and will provide increased service to the public. Also, the increased capacity of this equipment enables the Service to greatly enhance the present 1902-E programs by incorporating additional schedules (income averaging, sick pay exclusion, retirement income credit, etc.) into the system.

The Appeals Process

Administrative Appeals

The Internal Revenue Service encourages the resolution of tax disputes through an administrative appeals system rather than through litigation. Taxpayers who disagree with a proposed change to their tax liability are entitled to a prompt, independent review of their cases. The appeals system is designed to minimize inconvenience, expense, and delay to the taxpayer in disposing of contested tax cases.

Within the system, there are two levels of appeal: the district conference staff in the audit division of the district director's office, and the appellate division in the regional commissioner's office. Each level of appeal is independent of the other, and each has different authority and jurisdiction. Their common and principal objective is the early disposition of disputed cases, with a fair and impartial application of the law.

For the initial appeal conference, a taxpayer may choose either the district conference staff or the regional appellate staff. Opportunities for such a hearing are offered at 58 district offices and 40 regional offices throughout the country. Conferences are also arranged, as needed, at other IRS locations by circuit-riding conferees, at a place and time convenient to the taxpayer.

Proceedings are informal in both of these offices. Taxpayers may represent themselves or be represented by an attorney, accountant, or any other advisor enrolled to practice before the IRS. If the disputed tax liability, for each taxable year involved in the dispute, is \$2,500 or less, the taxpayer may obtain a district conference and a subsequent regional conference without filing a written protest. At the conference taxpayers are given the opportunity to present their views and discuss the merits of the issues. If agreement cannot be reached during the district conference, the taxpayer is advised of his further appeal rights and may then request a regional appellate office conference.

In a majority of cases, the taxpayers and district or regional conferees reach a mutually acceptable basis for resolving their tax disputes. Consequently, very few cases go to trial. In the past 10 years, 97 percent of all disputed cases were closed without trial. In 1976, the appeals function disposed of 56,004 cases by agreement; the Tax Court tried 1,407 cases; and the United States District Courts and Court of Claims tried 344 cases. Thus, in disputed tax matters, the administrative appeals system continues to serve the taxpayer well. The system provides for an expeditious, independent, and impartial review of tax cases, and one measure of its success is its ability to efficiently resolve the great majority of tax disputes without litigation.



Commissioner Alexander (L) presenting the Commissioner's Award to Singleton Wolfe, Asst. Commissioner for Compliance. The Award cited

Mr. Wolfe for "his outstanding abilities as an effective tax administrator and his high degree of integrity and professionalism".

District Conference

District conference staffs consider disputes involving factual questions, regardless of size. They also consider whether proposed actions by a district director's office, with respect to issues disputed by a taxpayer, reflect the correct interpretation of the Internal Revenue Code, as clarified by the courts and by IRS Regulations and Revenue Rulings. In addition, since April 1, 1974, district conference staffs have had the authority to settle cases where the amount of tax in dispute was \$2,500 or less, by taking into account the hazards of litigation—the possibility that the Service might lose the case if it were litigated due to factors such as weight accorded to evidence, lack of clear precedents, or questions pertaining to how the law applies to a given, unusual set of facts. Previously, only appellate conferees had this settlement authority,

which meant that many taxpayers had to take their case to the regional appellate office in order to settle unclear issues.

Since receiving this settlement authority, the percentage of agreed cases closed by district conference staffs has significantly increased. Where settlement authority could be exercised, about 30 percent of these cases have been settled on that basis. The results have been favorable to taxpayers in terms of time, convenience and expense, as well as to the IRS in terms of reducing the number of cases going to the regional appellate offices or to the courts.

District conference staffs reached agreement with the taxpayer in about 73 percent of the cases they considered in 1976.

Appellate Division

Cases considered by the appellate division cover a wide range of issues from the most elementary to the most complex. They involve additional taxes or claims for refund ranging from small amounts to millions of dollars, including individual and corporation income tax, estate tax, gift tax, excise tax, employment tax, and offers in compromise.

Cases considered fall into two broad categories: Nondocketed cases involve cases in which the taxpayer is protesting a proposed action by the district director involving additional taxes, a refund disallowance, or a rejection of an offer in compromise. These cases made up about 57 percent of appellate's workload in 1976. The second category of cases are known as docketed, and these involve cases where taxpayers have filed for a hearing before the United States Tax Court.

In 1976, 69 percent of nondocketed cases and 73 percent of docketed cases closed by the appellate division were closed by agreement with the taxpayer.

Other Appeal Options

If a tax dispute cannot be resolved at the district or the regional level, the taxpayer is advised of the remaining appeal rights. In most cases, the taxpayer may file an appeal with the United States Tax Court. Except in unusual circumstances, the timely filing of an appeal with the Tax Court prevents the assessment and collection of the tax until the Court has made its decision. Even if an appeal is filed with the Tax Court and the case is docketed for trial, the case may be settled with the regional appellate office anytime before the trial begins.

When the disputed tax does not exceed \$1,500 in any taxable year in dispute, a simplified procedure is available under the Tax Court's small case rules. These rules provide for informal hearings where taxpayers may present their cases before a special commissioner. A knowledge of courtroom proceedings is not required, since the objective is to provide an inexpensive forum for the taxpayer. Because of the nature of the proceedings no provision for appeal of the court's decision is provided.

If a taxpayer does not want to litigate the case in the Tax Court, he or she may pay the tax deficiency and file a claim for refund within two years from the date of payment. If the claim is denied by the IRS, or if the IRS takes no action on the claim within six months, the taxpayer may file suit against the Government for refund in a United States District Court or the Court of Claims.

A taxpayer may appeal an adverse decision of the Tax Court or District Court to the United States Circuit Court of Appeals having jurisdiction over his area. Adverse decisions of the Court of Claims or the Circuit Courts of Appeals may be appealed to the United States Supreme Court, although the Supreme Court does not accept all such appeals.

Tax Fraud Investigations

The Intelligence Division is responsible for the enforcement of the criminal provisions of the tax laws. Special agents investigate evasion of income, estate, gift and excise taxes, failure to file returns, failure to remit trust fund taxes (withheld income and social security taxes), the filing of false withholding exemption statements, false claims for refunds, and the preparation of false returns for others. When evidence of tax evasion or tax fraud is identified, the Intelligence Division investigates and recommends prosecution when warranted.

Special projects are sometimes carried out to determine the extent of noncompliance in a given geographical area or occupational field. If a pattern of noncompliance is detected, or to increase the coordination of investigations covering an already identified area of noncompliance. One successful project that was completed this year involved an extortion and kickback scheme that was employed in the construction of a \$700 million nuclear power plant. This project resulted in 16 prosecution recommendations and has generated tax assessments in excess of \$1 million. Other recent and significant Intelligence investigations have focused on tax evasion by large corporations; abuse of tax havens in foreign countries; corruption of public officials through payoffs and kickbacks; and preparation of fraudulent tax returns.

During 1976, the Intelligence Division completed 8,797 investigations and recommended prosecution of 3,147 taxpayers. Grand juries indicted or courts filed information on 1,331 taxpayers. Prosecution was successfully completed in 1,193 cases. In 839 cases taxpayers entered guilty pleas, 138 plead nolo contendere, and in 216 cases, the taxpayers were convicted after trial. Acquittals and dismissals totaled 77 and 71, respectively. Of the 1,172 taxpayers sentenced during 1976, 486 or 41.5 percent received jail sentences compared with 40.3 percent last year.



Mrs. Elsie O'Connor, Tax Examiner, Fresno (Calif.) Service Center, brought a number of suspicious looking tax returns to the attention of IRS Intelligence which uncovered a tax refund scheme intended to defraud the U.S. Government of over \$743,748. The subsequent investigation disclosed that 357 fraudulent tax returns were filed with the Service Center. Based on evidence provided by the IRS Intelligence operation, the U.S. Attorney's office obtained a 34-count indictment against 14 persons on charges of filing false claims, mail fraud, and perjury.

Mrs. O'Connor, a deaf mute, received an IRS Special Acts Award and a congratulatory letter from the President of the United States. Mrs. O'Connor has worked for over four years at the Service Center, and was previously employed with the Federal Bureau of Investigation (FBI) in Washington, D.C.

Cases Prosecuted

Tax fraud is not restricted to any particular occupational or social group but reaches across a wide spectrum of industries and occupations. The following examples illustrate only a few successful prosecutions resulting from the Service's vigorous and balanced program of investigating tax fraud.

An elaborate scheme was uncovered in California whereby 15 individuals attempted to obtain \$743,000 in refunds by filing 360 fictitious returns. Twelve people were convicted and received sentences ranging from 30 days to six and one-half years in jail.

Eleven individuals involved in the grading, weighing and shipping of commodities through the Port of New Orleans entered guilty pleas to tax evasion and received prison terms totaling 71 months. Additional civil tax and penalties amounted to \$338,000.

The first criminal tax prosecution against a major corporation, where both the corporation and its chief officers were found guilty, involved a conspiracy to evade the manufacturer's excise tax liability of a Detroit based firm. The additional excise taxes for the nine year period covered by the investigation totaled \$12.3 million.

A Chicago man, who was a former Chicago Alderman and State of Illinois Senator, was sentenced to 18 months in jail for filing false income tax returns for the years 1971-1973. He failed to report monies received by him for assuring the rezoning of property in his Aldermanic Ward.

A New Jersey businessman was sentenced to 18 months in jail and fined \$35,000 for willfully subscribing to false corporate and individual income tax returns. The additional tax and penalties exceeded \$1.5 million, making this the largest income tax violation ever tried in a New Jersey court.

As the result of a net worth investigation, a Memphis osteopathic physician was found guilty of evading over \$83,000 in income taxes and was sentenced to 12 months in prison.

After entering a plea of guilty, during the second day of his trial for failure to file Interest Equalization Tax returns, a Maine securities trader dealing in Canadian securities received two concurrent six month sentences. Additional tax and penalties exceed \$1.1 million.

Organized Crime and Strike Force Activities

The IRS cooperates in the Federal government's fight against organized crime by participating in the Federal Organized Crime and Strike Forces Program. Located in 17 major cities, Strike Force units are headed by attorneys from the Justice Department. The objective of this program is to coordinate the combined forces of Federal law enforcement agencies against the criminal element in our society. The IRS is responsible for ensuring the income from illegal activities is correctly reported and taxed and for detecting criminal violations of the tax laws. During 1976 the IRS contributed 660 staff years of direct investigative and examination time to the Strike Force effort.

A total of 130 organized crime members and their associates were convicted or pleaded guilty to tax charges during the year and 721 prosecution cases were pending at year end.

Since the inception of the organized crime program in 1966, 669 organized crime members and associates have been convicted or have pleaded guilty to various tax charges.

The following are examples of Organized Crime and Strike Force activities:

During 1976, probes were conducted in many areas of illegal activities by the various Strike Forces to identify individuals who may have violated the tax laws. These probes included union racketeering and corruption and the investment of income from illegal activities in legitimate businesses and real estate developments.

A convicted whiskey violator, abortionist, counterfeiter and firearms violator in Mississippi received a two year prison sentence and was fined \$10,000 after entering a guilty plea to filing false returns. Additional tax and penalties exceeded \$600,000.

A well-known international consultant in matters of taxation, law and finance, the author of several books on tax avoidance schemes and an associate of underworld figures was found guilty and sentenced to three years in Federal prison for aiding in the preparation of false returns. This individual is presently a fugitive.

A former Teamster's Union business agent, who was formerly a State Commissioner of Labor, entered a plea of guilty for failure to file an income tax return and was fined \$10,000. The investigation covered the years 1969 through 1972 with the recommended civil tax and penalties exceeding \$80,000.

After seven months of trial, a reputed Michigan Mafia leader was found guilty of evading income taxes by failing to report almost a quarter of a million dollars in taxable income during 1968, 1969 and 1970. The net worth method of proof was employed and traced this individual's financial history for the last 25 years.

High Level Narcotics Financiers

As part of its Special Enforcement Program, the Service continued to identify and investigate significant tax violations by middle and upper echelon narcotics financiers and traffickers.

During 1976, the IRS completed 326 criminal tax investigations, obtained 56 indictments and achieved 51 convictions of financiers and traffickers.

The following are examples of the results of IRS investigations of high level narcotics financiers and traffickers:

A major narcotics dealer and gambler in the Washington, D.C. area was sentenced to a total of five years in prison.

A major narcotics trafficker and owner of an import company was sentenced to nine months in prison for income tax evasion.

A New York City narcotics trafficker received a 24 month prison term.

Results of Criminal Action in Tax Fraud Cases 1972-1976

Action	Number of Defendants				
	1972	1973	1974	1975	1976
Plea of guilty nolo contendere	733	914	4,062	1,046	977
Convicted after trial	113	190	191	173	216
Acquitted	40	55	97	83	77
Nol-prossed or dismissed	151	112	115	168	71
Total disposals	1,037	1,271	4,465	1,470	1,341
Indictments & Informations	1,085	1,186	1,441	1,495	1,331

Restricting Access to Tax Returns

Fiscal year 1976 saw the disclosure activities again subject to continual concern, study and oversight. Congressional hearings were conducted on proposed legislation dealing with tax return and tax information disclosures. In addition, the Privacy Commission, the Administrative Conference of the United States, and the Senate Select Committee to Study Governmental Operations with Respect to Intelligence Gathering made recommendations to Congress for legislative actions concerning disclosure matters.

The Disclosure Operations Division was established in the National Office to provide program guidance to the newly created Disclosure Officer positions in all IRS field offices. Both actions reflect the Service's concern over the individual's right of privacy and its responsibility to respond expeditiously to request for information and documents under the disclosure laws and regulations. Field officials now act on certain requests for testimony of Service employees and make initial determinations concerning Freedom of Information requests as well as process requests for information under the Privacy Act of 1974.

The Service's disclosure activities are oriented to limit access to tax information, assuring that only those persons entitled by law are properly permitted to inspect such data, and to require that those who have access to such information maintain safeguards for the protection of that information. On the other hand, the Service strives to make available as much non-protected information and documents under the Freedom of Information Act and the Privacy Act of 1974 as possible.

Disclosure Officer Positions

In response to new legislation concerning Privacy and Freedom of Information, the IRS has decentralized some responsibilities for administration of disclosure, privacy, and FOI to its field offices. To accomplish this, Disclosure Officer positions have been established in IRS regions, districts, service centers, the Office of International Operations, the Assistant Commissioner (Inspection), and the IRS Data Center. Trained personnel occupying these positions are now able to handle most requests of these types locally.

Chapter 4 Technical Activities



"I apologize for the inequities in the practical applications of the tax, but if we should wait before collecting a tax to adjust the taxes upon each man in exact proportion with every other, we shall never collect any tax at all".

President Abraham Lincoln
Address to the 164th Ohio Regiment 1864

Tax Rulings and Technical Advice

The Service's tax ruling program consists of letter rulings and published Revenue Rulings. In addition, technical advice is provided on difficult issues raised in audits. A letter ruling is a written statement issued to a taxpayer by the National Office that interprets and applies the tax laws to a specific set of facts. A ruling on the tax effects of a proposed transaction permits the taxpayer to structure the transaction to comply with the tax laws, thus resolving issues in advance and avoiding future controversy. Letter rulings are not precedents and may not be relied upon by other taxpayers.

Technical advice is counsel or guidance as to the interpretation and proper application of the tax laws to a specific set of facts. It is furnished by the National Office at the request of a district office in connection with the audit of a taxpayer's return or claim for refund or credit. Frequently, the district director's request is made in response to the suggestion of the taxpayer that technical advice be sought because the taxpayer believes the issue is particularly complex.

A Revenue Ruling is an interpretation of the tax laws issued by the National Office and published in the Internal Revenue Bulletin for the information and guidelines of taxpayers, practitioners and IRS personnel. Most Revenue Rulings are based on letter rulings or technical advice which have the potential of setting precedents or have such broad applicability that general guidance should be offered to people in similar situations.

Test Program for Processing Ruling Requests

On July 1, 1974, the Service initiated a test program in the Reorganization and Excise Tax Branches, Office of the Assistant Commissioner (Technical) to change the processing of ruling requests. Under the test program, a representative of the Branch would contact, within seven workdays after receipt of the request, the taxpayer or the taxpayer's representative to discuss informally the procedural and substantive issues involved in the ruling request.

The test program proved to be feasible in the two branches and was very favorably received by taxpayers, taxpayer representatives, and the American Bar

Requests For Tax Rulings And Technical Advice (Closings) 1976

Subject	Total	Taxpayers' Requests	Field Requests
Total	26,812	26,080	732
Administrative Provisions	103	87	16
Changes in Accounting Methods	6,182	6,182	-
Changes in Accounting Periods	10,960	10,960	-
Earnings and Profits Determinations	1,158	1,158	-
Employment and Self-Employment			
Taxes	626	527	99
Engineering Questions	237	180	57
Estate and Gift Taxes	635	525	110
Excise Taxes	223	138	85
Individual Income Tax Matters	2,610	2,495	115
Corporation Tax Matters	4,078	3,828	250

Association. Due to the success of the program, it was expanded on July 1, 1975, to include (with only a few exceptions) ruling requests received by all the ruling branches in Technical. Under this expanded test program, the taxpayer or the representative was contacted within fifteen workdays after receipt of the ruling request to discuss the procedural and substantive issues involved in the ruling request. On July 19, 1976, the Service announced in Rev. Proc. 76-29 that the test program had been adopted as a permanent change. The fifteen-day rule is now an ongoing part of Technical's procedures for handling ruling requests.

Ruling Highlights Employment Tax

During the year the Service received a great number of requests for rulings in the religious area, particularly from newly organized religious denominations that are coming into existence across the country. Also, numerous requests were received from taxpayers in a variety of industries seeking a definition of their employment tax status, i.e., employee vs independent contractor. Others seeking rulings concerning self-employment status included insurance agents, fishermen, vacuum cleaner salesmen, and market research survey interviewers.

Wagering Taxes

Responsibility for administering the civil aspects of the Federal Wagering Tax laws was returned to the Service by Treasury Order 221-3, Revision 1, effective February 21, 1976. The Wage, Excise and Administrative Provisions Branch of Individual Tax Division is responsible for interpretation of the Wagering Tax laws. The responsibility for enforcing the criminal aspects of the Wagering Tax laws, including the forfeiture provisions, remains with the Bureau of Alcohol, Tobacco, and Firearms.

Creditability of Foreign Taxes by Oil Producing Corporations

One issue actively considered during the year was the question of whether amounts received by foreign governments from the production of mineral resources may be treated as creditable foreign taxes for U.S. purposes by domestic corporations. Three significant news releases were issued in Fiscal Year 1976 which pertain to this issue.

In IR 1591, the Service announced that it had taken the position that the share of oil production retained by a foreign government under a production sharing agreement is in substance a royalty in its entirety, and is not eligible for the foreign tax credit.

Subsequently, the Service announced in IR 1608, Rev. Rul. 76-215, that amounts received by an Indonesian government entity under a production sharing agreement are not income taxes for purposes of sections 901(b), 903 and 164(a) (3) of the Code. This position was applied prospectively.

The last release, IR 1638, specifies the circumstances under which a foreign tax credit will be allowed when a levy is imposed by a foreign government which owns minerals extracted by United States taxpayers. The Service expects this issue to be one of continuing concern in the upcoming year.

Multi-Corporation "F" Reorganizations

The publication of Rev. Rul. 75-561, 1975-2 C.B. 129, revoking Rev. Rul. 69-185, 1969-1 C.B. 108, marked a major change in Service position with respect to whether the merger of two or more commonly owned operating corporations could qualify as reorganizations within the meaning of section 368(a) (1) (F) of the Code. The earlier position contained in Rev. Rul. 69-185 was that the Service would not follow several court decisions which held that a transaction resulting in the combination of two or more operating corporations constituted an "F" reorganization. In Rev. Rul. 75-561, this position was revoked and the Service announced it would now follow those cases, as well as other court cases, which had held that a merger of a wholly-owned subsidiary corporation into its parent which qualified as a liquidation under section 332 of the Code (to which section 334(b) (2) does not apply) could also qualify as a reorganization under section 368(a) (1) (F).

Revenue Rulings and Revenue Procedures Published in 1976

Type	Number
Administrative	16
Employment Taxes	36
Estate and Gift Taxes	48
Excise Taxes	68
Exempt Organizations	70
Income Taxes	349
Employee Plans	17
Tax Conventions	6
Total	610

Accounting Methods Rulings

During FY 1976, receipts increased 14 percent over FY 1975 in requests for rulings regarding accounting methods. The increase occurred principally in two areas.

First, a significant portion of this increase was attributable to the large number of requests by manufacturers to change to the full absorption method for inventory valuation. This activity was primarily a result of the promulgation in 1973 of section 1.471-11 of the Income Tax Regulations, which provided a transition period for manufacturers to change to the full absorption method for inventory valuation.

Second, many taxpayers requested permission to readopt the last-in first-out (LIFO) method of inventorying their goods, as well as many requests for changes from taxpayers already on the LIFO method. The LIFO method softens the impact of inflationary trends on prices paid for goods and, in effect, reduces or defers taxpayers' current profits and taxes. Requests for method changes in the LIFO area are expected to increase until the present inflationary spiral levels off or reverses.

Internal Revenue Bulletin

The weekly Internal Revenue Bulletin is the authoritative publication of the Commissioner for announcing official rulings and procedures of the Service and for publishing Treasury Decisions, Executive Orders, tax conventions, legislation, court decisions, and other items of general interest. Bulletin contents of a permanent nature are consolidated semi-annually into Cumulative Bulletins. Copies of the weekly and semiannual issues are distributed within the Service and may be purchased by the public from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402, on a single copy or subscription basis.

During 1976, the Bulletin included 559 Revenue Rulings, 51 Revenue Procedures, 16 Public Laws relating to Internal Revenue matters and 13 committee reports, 2 Executive Orders, 65 Treasury Decisions containing new or amended regulations, 14 Delegation Orders, 3 Treasury Department Orders, 14 Notices of Suspension and Disbarment from Practice before the Service, 242 announcements of general interest and 7 court decisions.

The Bulletin Index-Digest System, revised as of December 31, 1974, provides a rapid and comprehensible means of researching material published in the Internal Revenue Bulletin after 1952. The major part of the System consists of digests of Bulletin items arranged under headings that facilitate a topical approach to a search for items on a specific issue. With the aid of finding lists, the researcher can locate items by Code section or number.

Dividend Reinvestment Ruling

Rev. Rul. 76-53, 1976-8 I.R.B. 5, marked the publication of one of the most widely publicized rulings issued in fiscal year 1976 affecting several Dividend Reinvestment Plans devised by some of the country's largest corporations. The ruling held that the operation of such plans, whereby the corporations' shareholders could elect to receive common stock at a bargain price in lieu of the cash dividend to which they would otherwise be entitled, results in a taxable dividend equal to the fair market value of the stock actually received rather than merely a dividend in an amount equal to the cash they could have received.

Chapter 5
Employee Plans and
Exempt Organizations



*"Under the Internal Revenue Act of March 3, 1791,
Secretary of the Treasury Alexander Hamilton
established an internal revenue organization which has
been adapted with little change down to the present
time".*

Taxation in the United States,
Randolph E. Paul
Little, Brown & Co., 1954

Employee Plans And Exempt Organizations

The Office of Employee Plans and Exempt Organizations (EP/EO) administers the regulatory responsibilities assigned to the Service concerning employee benefit plans as well as tax exempt organizations. In the National Office, the structure consists of Employee Plans, Exempt Organizations, and Actuarial Divisions. EP/EO field staff are located primarily in 7 regional offices and 19 key districts, and local service is provided in numerous other offices.

Employee Plans

The Employee Plans activity ensures that the Employee Retirement Income Security Act of 1974 (ERISA) is administered in accordance with the law. Major emphasis has been placed on developing those regulations most urgently needed by taxpayers.

The Special Reliance Procedure and ERISA Guidelines issued in November of 1975 provided that, for employee plans which comply with the procedure, the ERISA Guidelines will be treated as fixed for a certain period so that they can be relied upon for drafting employee plans and amendments without regard to changes in the ERISA Guidelines during such period. A new procedure was established whereby law firms may obtain approval from a District Director that the form of their pattern plan satisfies the qualification requirements of the Code.

The IRS has continued to coordinate implementation of ERISA with the Department of Labor (DOL) and the Pension Benefit Guaranty Corporation (PBGC) in order to issue regulations, procedures and rulings that are compatible with those issued by such other agencies and to reduce duplication of reporting by taxpayers.

The Employee Plans Master File (EPMF) is being redesigned to provide for the processing of applications used for plan qualification determinations and the new Form 5500 Series returns. The revised EPMF is expected to be operational in July 1977.

In January 1976 a case inventory control and management information reports system was implemented with computer terminals in all key districts. It has proved to be an effective system for controlling applications for approval of plans and plan amendments.

Exempt Organizations

During 1976, the Service received 44,377 applications and reapplications from organizations seeking a determination of their tax exempt status or seeking a determination of the effect of organizational or operational change on their status. The Service issued 43,668 determinations and ruling letters. In addition, 309 technical advice memoranda were issued. The Service devoted an average of 530 field professional positions to the examination of 16,635 exempt organization returns and to other exempt organization activities. Also, 5 regulations, 70 revenue rulings and revenue procedures, 4 delegation orders, 12 forms, 9 news releases and 3 publications were issued in 1976. Question and answer sheets were also prepared for taxpayer service use on exempt organizations.

A Taxpayer Compliance Measurement Program (TCMP) covering the examination of private foundations, public charities and social welfare organizations was initiated in 1975. The first phase of the program was completed April 30, 1976; the second phase continues until December 31, 1976. The program is designed to identify patterns and characteristics of compliance and non-compliance of the exempt organizations being studied.

The number of active entities recorded on the Exempt Organizations Master File (EOMF) increased from 692,000 in 1975 to 756,000 in 1976.

Exempt Organizations has revised its management reporting systems to maximize cost effectiveness. The revisions include the utilization of computer technology to identify, select, and control examination inventories; to control applications for exemption; and to provide to management and other interested parties information essential to carry out the mission of Exempt Organizations.

Exempt Organizations is participating in testing the feasibility of decentralizing the processing of Exempt Organization returns. All processing is currently done by the Philadelphia Service Center. The test involves processing the returns at the Cincinnati Service Center that would be filed there if a decentralized system were in use.

A revenue procedure concerning guidelines and record-keeping requirements for private schools was published. Extensive changes had been made to the revenue procedure in order to reflect public comments received.

Five revenue rulings were published concerning the treatment of exempt organization income from the rental of display space to exhibitors at convention trade shows.

Final regulations were published on December 12, 1975, regarding the computation of unrelated business tax on exempt organizations from the sale of advertising in periodicals.

On February 17, 1976, final regulations were published providing the definition of medical research organizations for purposes of foundation status determinations and limits on deductibility of charitable contributions.

Public hearings were held June 7, 1976, to consider the proposed regulation defining an "integrated auxiliary of a church." This definition is critical in determining whether a church-related organization is required to file an annual information return. The Service is reconsidering the proposed definition. Under the Commissioner's discretionary authority, church-related organizations covered by a group ruling issued to a parent church were excused from filing a 1975 information return.

During 1976, 38 regulations, 17 revenue rulings and procedures, 6 delegation orders, 25 forms, 19 news releases, 1 publication, and 27 technical information releases including questions and answers on plans, mergers and consolidations, Employee Stock Ownership Plans (ESOPs), the Special Reliance Procedure, and the ERISA Guidelines were issued in the employee plans area. In addition, the National Office issued 5,446 opinion letters on master and prototype plans.

In 1976, the Service devoted an average of 790 field professional positions to carrying out its regulatory responsibility in the employee benefit plans area.

This responsibility is met by issuing advance determination letters regarding the qualification of pension, profit-sharing and other employee benefit plans and by conducting an examination program to determine whether plans continue to qualify in operation and to verify the appropriateness of deductions for plan contributions. The number of determination letters issued with respect to corporate and self-employed plans during 1976 was 47,313, a decrease of 33.2 percent from 1975. Most of the decrease is attributed to the passage of ERISA and the fact that the IRS was in the process of developing regulations under the new law.

Actuarial Matters

In 1976, the Service devoted 19 average positions to preparing actuarial determinations, interpreting and clarifying provisions of ERISA and regulations issued thereunder, and serving on joint committees and task forces with the Labor Department and with the Pension Benefit Guaranty Corporation.

In addition, the Service contributed technical and administrative assistance to the Joint Board for the Enrollment of Actuaries, established by ERISA and under the joint direction of the Department of the Treasury and the Department of Labor, in the screening and processing of over 4,000 applications for enrollment. By June 30, 1976, almost 2,400 applicants had been enrolled.

Requests for Tax Rulings and Technical Advice (Closings), 1976

Subject	Total	Tax- Re- quest	Field Re- quest
Total	12,955	12,266	689
Actuarial Matters	1,749	1,700	49
Exempt Organizations	3,791	3,482	309
Employee Plans	7,415	7,084	331

Chapter 6

International Programs



"Your scheme yields no revenue; it yields nothing but discontent, disorder, disobedience; and such is the state of America, that after wading up to your eyes in blood, you could only end just where you began; that is, to tax where no revenue is to be found".

Edmond Burke
Speech on American Taxation 1774

Tax Administration Abroad

The Service maintains a system of permanent foreign posts to help coordinate its domestic and foreign tax program. Revenue Service Representatives (RSRs) at these stations are involved in compliance and taxpayer assistance activities and maintain cooperative contacts with foreign tax agencies. Foreign operations of the IRS are the responsibility of the Office of International Operations (OIO).

Since 1948, when OIO established an office in Paris, the number of foreign posts staffed by Revenue Service Representatives (RSRs) has increased to 14. At present, posts in Bonn, London, Paris, and Rome cover Western Europe, and North Africa. Those in Mexico City, Caracas, and Sao Paulo are responsible for Mexico, Central America, and South America, while Canada is serviced from Ottawa. Offices in Tokyo, Manila, Kuala Lumpur, and Canberra administer OIO activities in Japan, Southeast Asia, Australia, and New Zealand. A post in Tehran covers the Middle East and one in Johannesburg services Africa south of the Sahara.

These foreign posts provide a vital tax administration link with more than two million Americans living abroad. In 1976, the RSRs continued their support of the international aspects of the compliance and enforcement functions of the Service. This included the audit of tax returns, collection of delinquent accounts, intelligence investigations, year-round taxpayer assistance, and overseas collateral investigations for district offices in the United States.

The RSRs also maintain a broad network of personal contacts with foreign tax authorities and other foreign government officials, the U.S. Department of State and other agencies, as well as the American communities abroad. These cooperative contacts are a key element in overseas compliance activities. In addition, the RSRs act as a liaison with foreign competent authorities in tax treaty matters and, on occasion, are called upon to represent the U.S. competent authority in conferences with foreign tax officials involving international tax issues.

During 1976, the RSRs met in Washington, D.C., to review overseas activities and receive instruction on a wide range of technical and administrative developments. These meetings, held at periodic intervals, generate continuing improvement in overseas operations.

The OIO's twenty-third consecutive Overseas Taxpayer Assistance Program was conducted in 1976, during the extended January-June overseas filing season. Twenty-one trained tax assistants were detailed abroad in 59 countries and provided information and assistance in 129 cities on an individual walk-in basis, in group seminars, over the telephone, and by correspondence. With help provided by RSRs, and other IRS personnel, approximately 124,000 taxpayers received direct assistance abroad during 1976. Several hundred U.S. Armed Forces personnel also received IRS tax instruction at overseas bases. They, in turn, helped thousands of Armed Services members prepare their own tax returns.



Revenue Service Representatives (RSRs) from 14 foreign posts met with IRS National Office officials for a review of the increased responsibilities assigned to the Office of International Operations (OIO) covering U.S. tax administration abroad. Pictured (L to R) are: (first row) Albert Giroux, Caracas; William McCarter, Rome; Joseph G. McGowan, Director, OIO; Donald C. Alexander, Commissioner of Internal Revenue; John Hanna, Kuala Lumpur; Ronald Shaffer, Manila;

(second row) George Barnard, Mexico City; Richard Reynolds, Ottawa; Ervin Skippo, Sao Paulo; Marilyn Dearsman, Tehran; Milton Hoffman, Johannesburg; Wayne Christie, Chief, Foreign Programs, OIO; (third row) William Voyzey, London; James Barnett, Canberra; Daniel Henry, Paris; Roman Klimkiewicz, Tokyo; Ludwig G. Kuttner, Assistant Director, OIO; William Gottlieb, Bonn.

Foreign Language Training for the OIO

The OIO continues to strengthen the language capability of its overseas staff through intensive training courses in foreign languages.

Prior to RSRs entering assignments overseas, they are required to receive broad instruction in the language of the host country. During their tour of duty, this skill can be improved through language training offered by the State Department, Revenue agents, tax auditors, revenue officers, and taxpayer service representatives, temporarily detailed overseas, also receive language training. To meet their needs, the OIO has established, at National Office headquarters, a language laboratory which presently offers basic conversation courses in French, German, and Spanish.

In addition to improving the language ability of its staff, the OIO is making every effort to employ, whenever possible, revenue agent, revenue officer, and tax auditor trainees with a dual language capability.

Compliance Overseas

The OIO's audit activity takes place primarily within the United States. This activity focuses on securing compliance with Federal tax laws from resident and visiting aliens, and foreign corporations conducting business in the United States. Personnel of the OIO, at National Office, also examine thousands of tax returns filed by Americans living abroad.

The more complex tax return examinations continue to be conducted at the foreign country site of origin, and during 1976 the number of these audits increased over previous years. Until 1972, these audits were generally conducted by foreign post personnel. Since then, revenue agents and tax auditors are assigned to the OIO on detail from stateside duty for short overseas tours. During these tours, the temporarily assigned audit personnel travel through foreign posts performing audits under the supervision of the RSRs. This arrangement has greatly increased the number of overseas audits, and is an important factor in encouraging an increase in voluntary compliance abroad.

During the past year, the Service gave increased attention to the proper tax reporting of bribes, illegal political contributions, and other illicit fiscal activities. In many cases, such payments have involved arrangements between foreign nationals and American companies. These situations have enlarged the scope of assistance that the OIO normally provides to the IRS stateside districts. At the request of a stateside district, the OIO will examine the accounts of a foreign subsidiary of a United States corporation to determine whether they properly account for all income and deductions which may have U.S. tax consequences. These OIO support audits also make a positive effort to determine whether American foreign subsidiary corporations are serving as conduits for bribes, prohibited contributions, or other illicit activities.

Although most IRS delinquent tax collections occur within the United States or its possessions, an increasing number are made in foreign countries either by the IRS personnel on temporary detail or by the permanent RSRs. This collection activity is generated by an increase in delinquent accounts abroad, with dollar amount per account averages more than twice the amount of similar domestic accounts. During 1976, the OIO continued an effective overseas collection program, with special attention to collections in the Dominion of Canada. Currently, the OIO plans to expand the collection program during 1977. Revenue officers, on temporary detail, are scheduled to provide support to RSRs at posts in Western Europe, the Far East, Central and South America, and Canada.

Reorganization of the OIO

The OIO was reorganized, during the past year, to properly reflect its increased responsibilities in the international area. The reorganization augmented the traditional OIO Audit and Collection activities with those of Intelligence, Tax Treaty and Technical Services, Foreign Programs, and Taxpayer Service. The new functional alignments emphasize the OIO's expanded overseas compliance and taxpayer service programs.

Tax Treaties and the Competent Authority

The numerous tax treaties with other countries are designed to eliminate double taxation, remove tax barriers to trade and investment, and help curb tax avoidance. The United States now has income tax treaties with 37 countries and estate tax treaties with 13 countries. These include income tax treaties with the Soviet Union, Poland, Romania and Iceland, which became effective during the past year upon exchange of instruments of ratification. A new income tax treaty to replace the current treaty with the United Kingdom was signed in December, 1975 and awaits ratification by both the U.S. Senate and the British House of Commons.

The Assistant Commissioner (Compliance) is the designated U.S. Competent Authority in administering tax treaties. As such, he is responsible for negotiating agreements with foreign competent authorities to provide relief from the double taxation which results when both the United States and another country tax the same income of a taxpayer without an offsetting credit.

Technical Assistance to Foreign Countries

The Tax Administration Advisory Services Division provides reimbursable technical advisory assistance in tax administration to requesting foreign governments in cooperation with the Department of State and the Agency for International Development. Continuing the program established in 1963, the Service provided onsite technical assistance during 1976 to 7 countries - Bolivia, El Salvador, Guatemala, Liberia, Paraguay, Trinidad and Tobago, and Uruguay. In addition, short-term mobil instructor teams conducted audit techniques training in Liberia and the Republic of China, and ADP systems design training in Uruguay. The training was tailored to the needs of each country at low unit cost. A broad tax administration survey was conducted for the Government of Sierra Leone at the latter's request.

The Internal Revenue Service was host to 313 tax officials from 66 countries. In the years since 1963, over 4,200 tax officials from 123 countries have participated in study-observation programs. These visits give the participants the opportunity to see actual work processes and operations in various IRS offices and divisions nationwide, and frequently provide the motivating factor in instituting change in the visitor's own tax administration.

In March 1976, a seven week Middle Management Seminar in Tax Administration brought together 21 participants from nine countries, demonstrating once again that peoples of diverse cultures can work together with mutual goodwill. The countries involved were: Barbados, Egypt, Indonesia, Iraq, Japan, Nepal, Nigeria, Republic of China, and Trinidad and Tobago.

The Commissioner of Internal Revenue completed his term as third councilor for the Inter-American Center of Tax Administrators. CIAT, as the Center is known, is this hemisphere's multinational organization for promoting better tax administration among its 26 member countries. The Commissioner attended the CIAT Executive Council meeting in El Salvador in February, and, accompanied by the Director, Tax Administration Advisory Services Division, represented the U.S. at CIAT's 10th General Assembly held in El Salvador in May. A member of the Audit Division staff represented the IRS at CIAT's 15th Technical Seminar held in Haiti in January 1976.

In March, the Service hosted a CIAT sponsored, two-day meeting of representatives from Brazil, Canada, Mexico, and Venezuela to discuss ways tax administrators might deal more effectively with multinational corporations.



Mr. Edison Gnazzo, Technical Director, Inter-American Center for Tax Administrators (CIAT), discusses the responsibilities involved in the collection of tax information relative to

multinational corporations with the CIAT Work Group, while Commissioner Donald C. Alexander listens attentively. Mr. Gnazzo represents the Republic of Panama.



A pause was requested during the CIAT Work Group tax discussions on multinational corporations for Mr. Alejandro Rodriguez, National Treasury Administrator, Republic of Venezuela, to take notes. Other CIAT Work

Group participants are; (L to R) Mr. Juan Roemer, Chief, Tax Administration, Republic of Venezuela; Mrs. Angela L. Seftell, Staff Asst., and Mr. Joseph G. McGowan, Director, Office of International Operations, IRS.



Participating in the CIAT Work Group sessions concerning the gathering of tax information on multinational corporations are: (L to R) Mr. Sergio Garcia, National Coordinator of Certified Tax Officers, Republic of Mexico; Mr. Edward

Campbell, Asst. Director on Tax Policy, and Mrs. James L. Gourlay, Director of Audit, Dominion of Canada; Mr. Antonio Augusto de Mesquita Nero, Coordinator of National Tax Systems, Republic of Brazil.

Chapter 7 Legal Activities



"The power to tax involves the power to destroy".

John Marshall
Chief Justice, U.S. Supreme Court 1819

"The power to tax is not the power to destroy while this Court sits".

Oliver Wendell Holmes, Jr.
Associate Justice, U.S. Supreme Court 1928

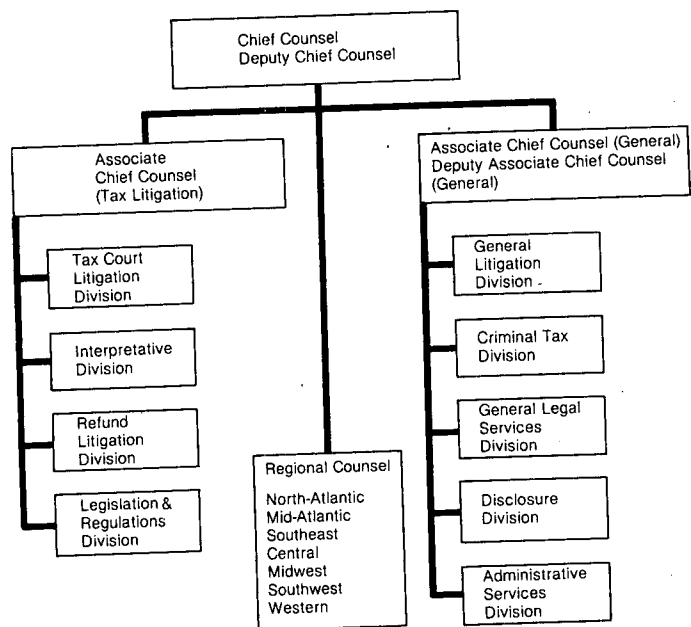
Responsibilities of the Chief Counsel

The Chief Counsel is the chief legal officer for the Internal Revenue Service and is a member of the Commissioner's executive staff. He advises the Commissioner on all matters pertaining to the administration and enforcement of the internal revenue laws and related statutes, as well as on all non-tax legal questions.

His advisory responsibilities fall into two major areas: litigation and technical.

Organization

The Office of Chief Counsel is organized as follows:



Tax Court, General Litigation, Criminal Tax, and General Legal Services have field counterparts. Refund Litigation, Disclosure, Interpretative,

Legislation and Regulations, and Administrative Services do not.

Litigation

Both the National Office and the field offices are actively involved in litigation. Tax Court, General Litigation, Criminal Tax, and General Legal Services work is handled in the field offices subject to the overall direction of the National Office. Refund Litigation and Disclosure activities are centralized in the National Office.

Tax Court Litigation

One of the major responsibilities of the Office of Chief Counsel is the representation of the Commissioner of Internal Revenue in all actions brought in the United States Tax Court.

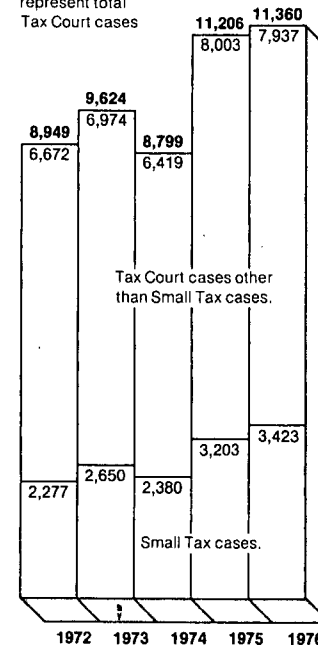
The Commissioner had significant success during the past year in challenging tax shelters before the Tax Court. For example, the Tax Court has disallowed deductions for prepaid interest, *James V. Cole*, 64 T.C. 1091 (1975); prepaid fee, *Phillip D. Foley*, 35 CCH Tax Ct. Mem. 263 (1976); oil and gas intangible drilling deductions, *Lloyd L. Cottingham*, 63 T.C. 695 (1975); and deductions based upon inflated partnership real estate, *Estate of Charles T. Franklin*, 64 T.C. 752 (1975), taxpayer's appeal pending, Ninth Circuit. On appeal, the Commissioner was also successful in disallowing rental deductions in a family trust-leaseback transaction designed to shift income from high-bracket parents to lower-bracket children, *Mathews v. Commissioner*, 520 F. 2d 323 (5th Cir. 1975), rev'g, 61 T.C. 12 (1973), *Cert. denied*, 424 U.S. 967 (1976). However, in *Phillip G. Larson*, 66 T.C. 159 (1976), the court rejected the Commissioner's position that a California limited partnership actually constituted an association taxable as a corporation. The Commissioner's appeal is pending before the Ninth Circuit.

Refund Litigation

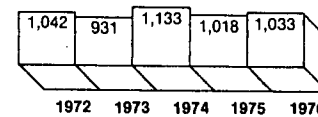
The Refund Litigation Division performs all necessary legal services on behalf of the Internal Revenue Service in connection with suits instituted in the United States District Courts and the Court of Claims by taxpayers for refunds of taxes. The Division determines and coordinates the legal position of the Service in these suits and incorporates such determinations in recommendations to the Department of Justice, which handles the trials of such cases.

Tax Court Cases Received 1972-1976

Numbers above bars represent total Tax Court cases



Refund Litigation Cases Received 1972 - 1976



A matter of continued significance handled by the Refund Litigation Division during 1976 is the motion picture investment credit. The principal issue in this area concerns the validity of Treas. Reg. 1.48(l), which provides that motion picture production costs are not eligible for the investment credit. There have been three recent adverse district court decisions in this area, one of which has been affirmed by the Ninth Circuit. The other two are pending on appeal before the Ninth Circuit. *Walt Disney Productions v. United States*, 75-2 U.S.T.C. 88,632 (C.D. Calif. 1975), *aff'd*, 76-2 U.S.T.C. 84,929 (9th Cir. 1976); *Bing Crosby Productions v. United States*, No. 74-1429 (C.D. Calif. Dec. 18, 1975); *Sussex Pictures, Inc. v. United States*, 76 U.S.T.C. 84,001 (C.D. Calif. 1976). However, the Government has won an analogous issue in the Northern District of Texas involving the eligibility of the investment credit on seismological information recorded on computer tapes, and the issue is on appeal to the Fifth Circuit. *Texas Instruments, Inc. v. United States*, 407 F. Supp. 1326 (N.D. Tex. 1976). Proposed regulations have been published in this area for post-1970 years.

Tax in Litigation - Tax Court (In Thousands of Dollars)

Status	Number of Cases	All Tax Court Cases ¹		Number of Cases	Small Tax Cases	
		Taxes and Penalties In Dispute	Overpayments Claimed Determined		Taxes and Penalties In Dispute	Overpayments Claimed Determined
Pending July 1, 1975	16,374 ²	\$2,345,216 ³	\$304,870 ⁴	2148 ⁵	\$1377 ⁶	\$ 44 ⁷
Received	11,360	783,687	11,869	3423	2193	35
Disposed of: Recovery Rate ⁸	9,489	543,991	\$172,063 31.6%	41,368	\$9,805 24.1%	53 43.4%
Pending June 30, 1976	18,245	\$2,584,912	\$775,171	2490	\$1663	\$ 25 ⁹

¹ Includes both small tax cases and other.
² Dismissals include cases tried, settled, and dismissed. Some of the dismissed amounts are for cases which were subsequently affirmed.
³ Amount determined expressed as percentage of Amount Assessed or Claimed. These amounts do not include proposed assessments which are applied to the taxpayer in District or Appellate Courts. In the case of a claimed assessment, the Recovery Rates shown above represent the portion of the amount in dispute which was refunded to the taxpayer.
⁴ Figures do not balance due to rounding.
⁵ Revised

The tables below depict a breakdown of the opinions rendered at the Trial Court level for both Refund Litigation and Tax Court cases as well as decisions delivered by the Appellate Courts for Refund Litigation and Tax Court cases.

General Litigation

National Office and field office attorneys in the General Litigation area furnish legal advice to the Internal Revenue Service in connection with the assessment and collection of Federal taxes and assist the Department of Justice in the prosecution and defense of suits to collect taxes, suits to recover erroneous refunds, proceedings under the Bankruptcy Act and other insolvencies, civil enforcement of summonses, and injunction and declaratory judgment actions. During 1976 case receipts increased substantially. Bankruptcy Act proceedings remained at a high level, and summons enforcement case receipts reached the highest level ever.

Tax Litigation - Refund Suits¹ (In Thousands of Dollars)

Status	District Courts			Court of Claims ²			Total		
	Number of Cases	Amount in Dispute	Amount not Refunded ³	Number of Cases	Amount in Dispute ⁴	Amount not Refunded ⁵	Number of Cases	Amount in Dispute ⁶	Amount not Refunded ⁷
Pending July 1, 1975	2583 ⁸	\$579,130 ⁹		410	\$358,199 ¹⁰		2993 ¹¹	\$ 937,329 ¹²	
Received	889	77,991 ¹³		144	44,851		1033	122,842	
Disposed of: % Not Refunded	908	60,021	\$42,804 71.3%	92	32,694	\$21,078 64.5%	1000	92,715	\$63,882 68.9%
Pending June 30, 1976	2564	\$597,100		462	\$370,356		3026	\$ 967,456	

¹ Cases in Courts of Appeal and the Supreme Court are included under the column representing the court of origin.
² Dismissals include cases tried, settled, and dismissed.
³ Amount in Dispute includes claims for refund of taxes, penalties, and assessed interest.
⁴ The portion of the Amount in Dispute which was not refunded to taxpayer.
⁵ Revised

Trial Court Case Record (Opinions Rendered—Refund Litigation and Tax Court Cases)¹

Action	Court of Claims		District Courts		Tax Court ²				Total
	1975	1976 ³	1975	1976 ⁴	1975	1976 ⁵	1975	1976 ⁶	
Decided in favor of Government - Number	10	21	217	185	192	265	255	294	447
- Percent	52.6%	45.7%	66.2%	62.1%	61.7%	62.6%	54.7%	52.9%	57.1%
Decided in favor of Taxpayer - Number	4	14	82	68	35	44	49	68	84
- Percent	21.2%	30.4%	25.0%	22.8%	11.3%	10.4%	10.5%	12.2%	10.8%
Decided partially for the Taxpayer and partially for the Government - Number	5	11	29	45	84	114	162	194	246
- Percent	26.3%	23.9%	8.8%	15.1%	27.0%	27.0%	34.8%	34.9%	31.7%
Total Opinions	19	46	328	298	311	423	466	556	979

¹ Related Cases are reflected as one opinion.
² 46 opinions in Court of Claims involving 50 cases.
³ 298 opinions in District Courts involving 352 cases.
⁴ 423 Tax Court Opinions involving 435 Small Tax Cases.
⁵ 556 Tax Court Opinions involving 775 cases other than Small Tax Cases.
⁶ In Cases on which decisions were rendered during the fiscal year.

**Receipt and Disposal of General Litigation Cases
National and Regional**

Status	Court	Non-Court	Total
Pending July 1, 1975	8,894	1,911	10,805
Received	11,416	9,752	21,168
Disposed of	10,130	9,697	19,827
Pending June 30, 1976	10,180	1,966	12,146

**Receipt and Disposal of Disclosure Division Cases
Fiscal Year 1976**

Types of Cases	Pending 7-1-75	Received	Disposed	Pending 6-30-76
Disclosure Opinions	104 ^r	246	185	165
Disclosure Litigation	5	—	—	5
Discovery Opinions	11	7	10	8
FOIA Opinions	97 ^r	314	309	102
FOIA Appeals	59	211	144	126
FOIA and Misc. Litigation	29	31	13	47
FOIA Requests	14	83	69	28
Privacy Act Opinions	6	125	83	48
Privacy Act Litigation	—	6	2	4
Division Totals	325	1023	815	533

^rRevised

**General Litigation and Disclosure Cases Received
1972-1976**

Types of Cases—Regions:	1972	1973	1974	1975	1976
Bankruptcies and Receiverships	1,217	1,153	1,112	1,254	1,431
Wage Earners' Plans (CH. XIII)	61	81	102	62	99
Arrangements (CH. XI)	1,492	1,526	2,273	3,440	3,442
Reorganizations & Real Property Arrangements (CH. X and XII)	203	184	348	626	639
Miscellaneous Insolvencies	199	140	100	102	118
Decedents' Estates	424	423	413	374	386
Suits to Collect Taxes	624	608	623	565	720
Section 2410 (28 U.S.C. 2410):					
Interpleaders	206	226	242	222	255
Others	159	235	162	160	230
Injunctions	152	230	272	227	188
Disclosure and Testimony	411	449	481	424	463
Summons Cases	1,307	1,371	1,663	1,877	2,876
Erroneous Refund Suits	28	32	31	42	41
Miscellaneous Court Cases	513	593	530	564	615
Advisory Opinions	4,025	4,556	4,310	4,860	5,305
Discharges of Property from Lien	2,311	2,429	2,269	2,701	3,500
Total, all Regions	13,332	14,236	14,931	17,500	20,288
National Office:	1972	1973	1974	1975	1976
Appeals	176	216	184	197	113
Advisory	142	132	140	298	484
International Operations	113	88	165	126	262
Disclosure and Testimony	54	212	158		
Other Centralized Cases [*]	40	22	26	29	21
Total, National Office	525	670	673	650	880
Total, All Regions and National Office	13,857	14,906	15,604	18,150	21,168

^{*}Now handled in the Disclosure Division
Includes Railroad Reorganizations and Actions for
Injunctions and/or Declaratory Relief

A major issue in the General Litigation area in recent years has involved the long-standing question of whether deficiency procedures are applicable to terminations of taxable years under Code § 6851. In 1976 the Supreme Court in the case of *Laing v. United States*, 423 U.S. 161 (1976), *rev'g*, *Laing v. United States*, 496 F.2d 853 (2d Cir. 1974), and *aff'g*, *Hall v. United States*, 493 F.2d 1211 (6th Cir. 1974), resolved the issue against the Government, holding that deficiency procedures are applicable. The Court concluded that there is nothing in the statutory definition of an income tax deficiency to suggest that a deficiency arises only at the end of a 12-month period. It is sufficient that the taxable period has come to an end by termination and the tax is due and unreported.

Another issue of importance to the General Litigation area which has recently been resolved involves the use of summonses to secure records in the possession of taxpayer's attorney. In *Fisher v. United States*, ___ U.S. ___ (1976), *aff'g*, *United States v. Fisher*, 500 F.2d 683 (3d Cir. 1974), and *rev'g*, *United States v. Kasmir*, 499 F.2d 449 (5th Cir. 1974), the Supreme Court upheld the Service's position that

taxpayers could not successfully invoke their privilege against self-incrimination in response to summonses served on taxpayers' attorneys for production of accountants' workpapers which had been secured from the accountants by the taxpayers and turned over to their attorneys.

Disclosure

Attorneys in the Disclosure Division handle matters arising under the Freedom of Information Act, as well as requests for disclosure of documents and testimony in both tax and non-tax litigation. The Division is also responsible for providing legal advice to the Service concerning the Privacy Act of 1974.

Specifically, the Division is responsible for planning, directing and coordinating for the Internal Revenue Service all matters relating to requests for testimony and production of Internal Revenue documents, records or information under the Federal Rules of Civil or Criminal Procedure, the Tax Court Rules, the Court of Claims Rules and various State court rules. This Division works closely with the Disclosure

Operations Division of the Service. It also coordinates with the Department of Justice all litigation arising under the Freedom of Information and Privacy Acts, including recommendations about defense or settlement of suits and appeals of adverse decisions.

Due to an increasing workload, the Disclosure Division was reorganized in 1976 by the creation of a Freedom of Information and Privacy Branch, and a Disclosure and Testimony Branch.

A significant issue being handled by the Disclosure Division continues to be the question of publication of private letter rulings and technical advice memoranda. The Service's position remains that technical advice memoranda and private letter rulings are tax return information not subject to disclosure under the Freedom of Information Act. This issue is presently pending before the Supreme Court. See *Fruehauf Corporation v. Internal Revenue Service*, 522 F.2d 284 (6th Cir. 1975), *cert. granted*, 423 U.S. 1047 (1976).

In addition, the Tax Reform Act of 1976 will have an impact on both the letter rulings area, and on Code § 6103, the Service's basic disclosure statute. The Tax Reform Act of 1976 provides for the disclosure of private letter rulings and technical advice memoranda, after deletion of certain information, and amends Code § 6103 to establish a statutory framework governing the disclosure of tax returns and tax return information.

Criminal Tax

National Office and field office attorneys in the Criminal Tax area handle all criminal tax legal matters for the Internal Revenue Service, coordinate criminal tax prosecutions with the Department of Justice, provide assistance to United States attorneys in criminal tax trials upon request, assist the Tax Court and Refund Litigation Divisions in coordinating the application of the civil fraud penalties, and coordinate disclosure matters, as well as Freedom of Information Act and Privacy Act matters, in cases where criminal action is anticipated or has been undertaken.

Criminal Tax attorneys undertook the responsibility during 1976 to be the principal legal advisors to the Office of International Operations in criminal tax cases being investigated by that office. Criminal Tax attorneys also continued furnishing legal advice to criminal investigators of the Service's Intelligence Division during the investigative stage of criminal tax cases. The pre-referral assistance to the Intelligence Division and the implementation of legal advice to the Office of International Operations has resulted in a more efficient use of manpower in criminal tax investigations.

Receipt and Disposal of Criminal Tax Matters—1976

Prosecution Cases Received From Intelligence

Pending beginning of Fiscal Year	4,088
Total Opened	3,147
Total Closed	2,125
Counsel Declined	349
Department of Justice Declined	240
U.S. Attorney Declined	215
Prosecutions Completed	1,321
Pending End of Fiscal Year	5,110

Opinions

Pending Beginning of Fiscal Year	15
Total Requested	52
Total Rendered	51
Pending End of Fiscal Year	16

Criminal Tax Activity—1976

Referrals by Counsel for Prosecution	2,037
Indictments & Informations	1,331
No True Bill	1
Plea of Guilty or Nolo Contendere	977
Convicted After Trial	216
Acquitted	77
Not-Prossed or Dismissed	71
Legal Assistance to Intelligence Investigations (In Staff Hours)	14,040

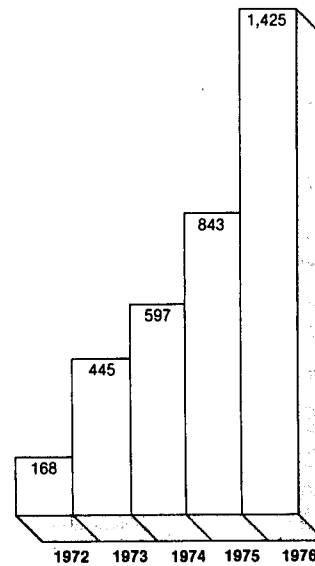
Fiscal Year 1976 figures are not reconcilable with prior years due to a change in the reporting system.

One troublesome issue to the Division has recently been resolved. In *United States v. Beckwith*, ___ U.S. ___ (1976), aff'g, 510 F.2d 741 (D.C. Cir. 1975), the Supreme Court held that Special Agents were not required to give *Miranda* warnings [Miranda v. Arizona, 384 U.S. 434 (1966)] to the subject of an Intelligence Division investigation who was not in custody or otherwise deprived of his freedom.

General Legal Services

The General Legal Services function handles legal matters arising in the non-tax legal area. Attorneys in the General Legal Services function in the National Office and field offices represent the Service in labor cases, including representation hearings, impasse proceedings, unfair labor practices, and arbitration hearings, and serve as a member of and counsel to management teams negotiating individual and multi-unit labor agreements. In addition, the attorneys represent the Service in adverse action and discrimination proceedings, represent the Director of Practice, Office of the Secretary of the Treasury, in disciplinary actions brought against tax practitioners and provide on-going advice to the Service concerning government contracts, tort claims, forfeitures, Inspection Service matters, and other areas not directly related to Federal tax matters.

**General Legal Cases Received
1972 - 1976**



Technical

During this past year staffing for the General Legal Services function was increased sufficiently to permit the assignment of attorneys to each Regional Counsel's office. The ready availability throughout the country of legal assistance in non-tax areas has been well received by Service officials.

The two technical divisions of the Office of Chief Counsel—Interpretative and Legislation and Regulations—are located in the National Office.

Interpretative

The Interpretative Division provides legal assistance to the Office of Assistant Commissioner (Technical) and the Office of Assistant Commissioner (Employee Plans and Exempt Organizations) in the issuance of letter rulings to taxpayers, technical advice to Service personnel, and revenue rulings and revenue procedures to be published in the Internal Revenue Bulletin. The Division also provides legal assistance to other Divisions in the Chief Counsel's Office in determining litigating positions and in coordinating the litigating positions with the ruling positions of the Service.

During 1976, the Division attorneys assisted Service personnel in implementing the established requirement that a private school must admit students without racial discrimination in order to be exempt from Federal income tax, and in order that contributions to the school will be deductible from the donors' gross income. Major actions completed in this area by Division attorneys included the formal review of Rev. Proc. 75-50, 1975-2 C.B. 587, which further clarifies standards and guidelines for the private school enforcement program, and the drafting of Manual Supplement 7(10) G-10, dated April 6, 1976, which provides detailed instructions and procedures for use in auditing private schools, including those that are church-related.

Legislation and Regulations

The Legislation and Regulations Division represents the Commissioner and the Service in tax legislative matters. Division attorneys also provide the Treasury Department's Assistant Secretary for Tax Policy with technical assistance and expertise in the development and drafting of internal revenue legislation and furnish assistance to Congressional staffs in the drafting of committee reports on tax legislation.

**Interpretative Division Cases Received
1972-1976**

Type of Case	1972	1973	1974	1975	1976
Revenue Rulings	512	511	471	443	423
Letter Rulings	89	107	124	117	114
Technical Advice	114	117	90	80	73
Other Advice	173	185	158	212	257
Total	888	920	843	852	867

**Legislation and Regulations
Division Cases Received
1972-1976**

Type of Case	1972	1973	1974	1975	1976
Legislation	76	46	77	85	59
Regulations	110	90	56	171	85
Miscellaneous	19	38	43	33	46
Total	205	174	176	289	190

Attorneys in the Legislation and Regulations Division are responsible for drafting proposed regulations, drafting Executive Orders, and for representing the Service in negotiating and drafting tax treaties with foreign governments. Working closely with Service officials, attorneys in this Division participate in the preparation and review of tax forms and instructions, hold hearings on proposed regulations, evaluate suggestions by Service personnel for regulatory changes, and review publications issued for the information and guidance of taxpayers and Service officials.

During this past year, the Division continued to develop regulations to implement the Employee Retirement Income Security Act of 1974 (P.L. 93-406). In addition, the Legislation and Regulations Division played an active part in assisting the Office of the Assistant Secretary for Tax Policy and the Staffs of Congressional committees in drafting and solving technical problems which arose during consideration of the Tax Reform Act of 1976.

**Administrative
Services**

The Administrative Services Division is responsible for the general supervision of all matters relating to budget, administration, and management in the Office of Chief Counsel.

The Division coordinates the recruitment program for the Chief Counsel's Office, runs the Summer Employment Program for legal interns and provides opportunities for attorneys in the Office to participate in law school, bar associations, or in-house training courses.

Under the aegis of the Division, an Equal Employment Opportunity Advisory Committee, composed of representatives from each Division in the National Office, assists in the administration of the Chief Counsel's Equal Employment Opportunity Program. The Office continued to make substantial progress in achieving its stated objectives and goals under the Affirmative Action Plan during this past year. In addition, the Federal Women's Program Advisory Committee sponsored a four part series on "Women and the Law."

During 1976 the Division established a Planning, Analysis and Operations Branch (PAO). The PAO Branch is engaged in planning and analysis, cost/benefit studies, systems development and operational activities such as legal information retrieval and computer equipment analysis.

In addition, the Administrative Services Division installed a computerized legal research system in some of its major offices. Additional installations will be added in future years. Also, during the latter part of the year, the Division initiated a study to determine the feasibility of employing Paralegal Specialists to assist attorneys in the Office in some routine legal and non-legal work.

**Chapter 8
Planning and Research**



"If Congress should concur in a reorganization of the revenue system, either according to the plan proposed, or some other, the Commission recommends the change be made before, in the Internal Revenue department, custom has developed into routine, and usage has acquired, through time, the binding effect of law".

David A. Welis
Special Commissioner of the Revenue 1870

Planning is an integral and continuing management activity within all organizational components of the Service. During 1976, the IRS planning activities encompassed the testing of improvements in work technology and systems, analysis of pending legislation, coordination of the preparation of testimony before Congressional committees, as well as statistical compilation and projection of tax return data.

Review of Service Center Space Requirements

A study was conducted to assess the impact of projected growth in workload volume and changes in work methods on long-range service center space requirements. A mathematical model was used to project estimated future space requirements under several contingencies. Plans call for a periodic updating of estimated future space requirements using the model.

Management Information System

The IRS has begun initial steps toward integrating its various management information systems so that appropriate data will be available to both operating officials and top management. The first phase of this long-term project will be identifying user requirements at various levels in the organization. Subsequently, a detailed plan to develop, test, and implement a system based on these user requirements will be formulated.

Taxpayer Service Telephone Study

During FY 1976 a study was initiated to assist Taxpayer Service Program managers in making maximum use of their resources. The study has two major objectives. First, through the use of mathematical modeling techniques, information will be developed which will indicate the optimal number and location of toll-free telephone answering sites offering taxpayer assistance. Second, an on-going system will be developed for collecting, analyzing, and interpreting data needed to improve planning, scheduling, and budgeting for the operation of Taxpayer Service programs:

Planning Model for the Intelligence Program

A long-term project for improving program planning and resource allocation in the Intelligence function has been initiated. The first objective of this study will be to examine how more precise measures can be devised for estimating the magnitude of the tax fraud problem and identifying significant potential tax fraud situations. Next, the Service intends to use the results of this study to improve its intelligence resource allocation system and devise better case selection procedures. The adjustments made to current procedures as a result of the study should lead to a more effective, coordinated national compliance strategy for the Service's Intelligence Program.

Research and Testing

Study of Alternative Filing Procedures

Approximately 12,000 individual taxpayers were sent questionnaires seeking information about current filing practices and opinions on two alternative filing procedures—a staggered filing system and the extension of the current three and a half month filing period to six months. Results of the survey, together with input from State tax administrators and other interested groups, will be incorporated in the Service's study of alternatives to the current filing period.

Problem Resolution Tests

In an effort to simplify the taxpayer's problems in meeting tax obligations, during 1976, the IRS conducted tests in four districts covering special problem

resolution procedures. The tests were intended to provide solutions to problems taxpayers have in dealing with various IRS components, as well as to help Service management identify factors causing problem patterns. Test results will be analyzed to determine the need for any procedural or organizational changes which may facilitate the resolution of taxpayer problems.

Optical Character Recognition

The IRS is exploring the feasibility of substituting optical character recognition (OCR) equipment for data transcription. Cost-benefit analyses are being conducted to determine if OCR equipment could prove to be a more economical means of converting data recorded on Federal Tax Deposit Forms and other forms with print characteristics controlled by the Service.



Special Agent E. Michael Fornili, (L) of the IRS Baltimore District, is presented the Treasury Department's Meritorious Service Award by Commissioner Donald C. Alexander for the agent's prompt rescue efforts that kept a Washington, D.C., woman alive until the D.C.

Rescue Squad arrived. On site witnesses reported Mr. Fornili's valiant efforts to the IRS, including instructions to call the Rescue Squad and the assistance he rendered the squad after their arrival on the scene.

High Speed Printers

Tests have been completed to determine potential IRS applications for high speed, non-impact printers. These printers represent a technological breakthrough over existing designs and can print up to twenty-five times as fast as conventional printers. Because non-impact printers can produce high quality output at greater rates of speed, they have the potential for cutting the costs associated with producing taxpayer notices, periodic service center reports, and one-time printing efforts. Indications are that substantial savings would accrue over the next several years, if these printers were installed in each service center.

Remittance Processing System

Based on successful tests with a computerized system to expedite clearance and deposit of tax remittances, the IRS has asked manufacturers to submit proposals for Remittance Processing Systems to be installed in each of the 10 Service Centers. When installed, these systems should reduce processing costs by combining remittance data input, numbering, and preparation of accounting documents in a single operation. The system should also accelerate remittance posting to account status and tax data bases, and provide a "fact of filing" indicator for account status operations.

Compliance ADP Applications Test

On site tests are being conducted in field offices to determine the costs and benefits of ADP (automatic data processing) applications in support of district office audit functions. Applications are related to providing direct computational assistance to revenue agents in their examinations, mechanizing clerical tasks, and providing reports for local management purposes.

Legislative Activities

The planning and research function has the responsibility for the continuing analysis of legislative proposals affecting the IRS, a determination of their probable administrative implications, and, once legislation is enacted, the development and coordination of implementation plans. The pace at which tax legislation is being introduced has steadily increased. During 1976, approximately 185 bills were analyzed for their impact on the IRS. Of major importance during this period was the analysis of the Tax Reform Act of 1976. Implementation plans were developed for 16 enacted public laws, including the Tax Reduction and Revenue Adjustment Acts of 1975.

Consolidated Annual Wage Reporting

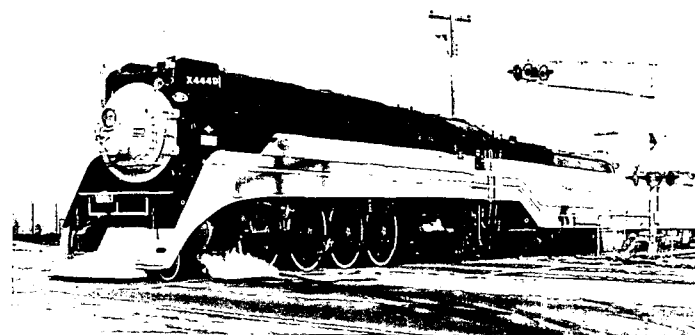
For many years the Service has favored consolidated annual wage reporting to reduce the administrative and paperwork burden for the taxpayer and the Government. In 1976, Congress enacted Public Law 94-202 which will allow employers to file annual rather than quarterly wage reports beginning in 1978. This law will use Form W-2, Wage and Tax Statement, in determining social security program coverage and benefits, as well as for tax enforcement. Under this arrangement, the Social Security Administration will process the W-2 forms and send necessary information to the IRS. This will cut costs by eliminating duplicate processing.

Tax Reform Act of 1976

A number of substantive tax law changes and major revisions to the Tax Code were considered by the 94th Congress. During these sessions the Revenue Adjustment Act of 1975 was enacted to continue certain anti-recession tax reductions through the first half of 1976, pending enactment of comprehensive tax legislation. The IRS prepared necessary forms and instructions to implement the Act and its subsequent extensions. A number of proposals to change the Code were analyzed. These ranged from energy conservation credits to the tax treatment for rental of vacation homes. Such proposals were reviewed for administrative feasibility, and for their effect upon the tax revenues. The result of these analyses were provided to the Secretary of the Treasury and Congressional committees.

Confidentiality of Tax Returns

Several bills for safeguarding the confidentiality of Federal tax return information were introduced in the 94th Congress. Generally, these bills would amend the Internal Revenue Code to restrict the disclosure of information from a tax return. The provisions prescribe the persons to whom, and the purpose for which, disclosure of such information may be made. These bills impose stronger penalties for unauthorized disclosure of tax return information. These provisions and penalties would apply to employees, former employees, or other individuals who are allowed statutory access to return information including State tax officials and officials of other Federal agencies.



Ogden Service Center employees thrilled to the sight of giant locomotive X4449, hauling the 25-car American Bicentennial Freedom Train, as it thundered out of the Utah Army Depot, adjacent to the IRS facility. During a two day stop in

Ogden last Fall, hundreds of IRS personnel were able to view this mastodon of a bygone era and its historical cargo of artifacts from the American Revolution through to the Space Age.

Commonwealth Status Slated for Northern Mariana Islands

Congress has approved a covenant which paves the way for the Northern Mariana Islands to become a Commonwealth of the United States. When the Marianas become a Commonwealth, the covenant provides that the Commonwealth will apply the income tax laws of the United States for its territorial income tax, similar to the Government of Guam. The IRS is implementing an agreement to collect social security taxes on behalf of the Northern Mariana Islands Government. The funds collected will be transferred to the United States and will be operated as a separate trust fund until the Northern Mariana Islands achieve full Commonwealth status, or earlier, if mutually agreeable. At that time this trust fund will be fully integrated into the U.S. Social Security Administration.

Delinquent Child Support Program

The Department of Health, Education, and Welfare has begun the operation of a Parent Locator Service, authorized by law, to locate absent parents who have not been making court-ordered payments for child support and to collect those delinquent payments. The law also directs the IRS to provide certain tax return information, if necessary, such as the last known home address or most recent place of employment for absent parents. In addition, upon certification by a State that court-ordered support payments are delinquent and uncollectable through State collection efforts, the IRS is required to assess and collect these delinquent payments as though they were tax deficiencies. Amounts collected are to be remitted to the States. Plans for implementing this law have been completed, although no cases have been referred to the IRS for collection.

Statistical Activities

Statistics of Income Highlights

Annual Statistics of Income (SOI) reports provide the public and the Government with a wide variety of data reported on income tax returns, without violating taxpayers' rights to privacy. The data are estimates based on representative samples of returns.

Preliminary SOI reports published in 1976 covered individual income tax returns for 1974 and corporation and business income tax returns for 1973.

Also in 1976, the IRS published an SOI report on personal wealth. The report provides estimates of the holdings of living individuals with more than \$60,000 gross assets in 1972 based on a sample of Federal estate tax returns.

In another area, statistics were provided to the Treasury to help evaluate the effectiveness of the Domestic International Sales Corporation (DISC) provisions of the tax code as a means of promoting U.S. exports. These statistics were included in a Treasury report to the Congress.

Work was continued during 1976 on a projected series of statistical reports covering tax-exempt organizations, the first of which will cover private foundations for 1974. Subsequent reports will cover charities, schools, and associations; farmers, cooperatives; and funded deferred compensation plans. Another group of special studies underway concerned income earned abroad by individuals and corporations.

A new series of tax research projects was initiated during 1976 based on linkages of related tax returns. One project was to associate data from partnership returns with income tax returns of the partners in order to study tax shelters. Another was to shed light on relationships between income and wealth of Federal estate tax return decedents and the income of their heirs, while a third was designed to examine patterns in sales of capital assets over a five-year period for an identical group of individual income taxpayers.

Statistics of Income publications can be obtained from the Superintendent of Documents, United States Government Printing Office, Washington, D. C. 20402.

Tax Models

Originally developed almost 15 years ago to meet Treasury's need for timely estimates of the revenue effects of proposed tax legislation, the tax models continue to be valuable tools for economic planning. Five basic models, representing the returns of individuals, corporations, sole proprietorships, partnerships, and estates, are now used. Each model consists of a set of generalized computer programs used with specially structured data files comprising records in the Statistics of Income files.

In addition to the basic tax model for individual returns, the Service has developed a special individual model set "State Tax Models," pursuant to the Federal State Tax Collection Act of 1972. These models are designed to permit reliable data estimates for each of the 50 States and the District of Columbia. Toward this end, the models are based on the full Statistics of Income sample (over 200,000 returns for 1974) instead of the subsample of about 100,000 returns used for the basic model.

Returns-Filed Projections

Planning throughout the Service is based on projections of the number of returns to be filed. The planning requirements of the various units of the Service require that workload projections be prepared for the entire United States as well as for service center areas, regions and districts. Specialized projections are also made for research purposes. The projections are updated each year to incorporate changes in the economic and demographic outlook as well as the effects of tax law changes and filing patterns. Statistical techniques are used to identify the relationships between tax returns filed and the economic and demographic changes.

The total number of primary returns and supplemental documents is expected to grow from 127.3 million in calendar year 1975 to 164.7 million in 1985. This is an increase of 29.4 percent and reflects the expected growth in economic activity over the next decade.

Projections of some major categories of returns are shown in the following table.

Selected Types of Returns Filed in 1975, and Projected for 1976, 1977, 1980 and 1985, by Calendar Year (Thousands)

Type of return	Actual 1975	Esti- mated 1976	Projected ^a			Percent change 1975- 1985
			1977	1980	1985	
Total Primary Returns and Supplementals	127,348	127,857	132,845	144,044	164,740	29.4
Total Primary Returns	124,564	123,179	127,404	135,242	149,857	20.3
Individual, Total	84,043	82,479	86,248	92,876	104,540	24.4
Form 1040A	22,463	27,869	30,313	28,189	25,761	14.7
Form 1040	61,450	54,478	55,800	64,545	78,622	27.9
Form 1040NR, PR, and SS	100	104	106	113	126	26.0
Form 1040C	14	14	14	14	14	1.2
Form 1042	16	14	15	15	17	4.0
Individual Declaration	7,500	7,609	7,683	7,876	8,547	14.0
Fiduciary	1,559	1,644	1,757	2,094	2,872	84.3
Partnership	1,133	1,161	1,184	1,262	1,391	22.8
Corporation ¹	2,138	2,194	2,260	2,438	2,763	29.2
Estate	226	239	253	298	385	70.4
Gift	273	291	313	377	540	97.6
Employment ²	24,738	24,673	24,777	24,977	25,578	3.4
Exempt Organization ³	404	431	446	488	558	38.3
Employee Plans ⁴	1,124	1,004	1,024	1,083	1,191	5.9
Alcohol, Tobacco, and Firearms Returns ⁵	562	572	573	575	479	-3.1
Excise ⁶	864	882	886	898	913	5.6
Total Supplemental Documents⁷	2,784	4,678	5,441	8,802	14,883	434.7

¹Includes Forms 1120, 1120 Special, 1120F, 1120-DISC, 1120-POL, and 1120-S

²Includes Forms 940, 940PR, 941, 941E, 941PR, 941SS, 941M, 942, 942PR, 943, 943PR, C-1 and C-2

³Includes Forms 990, 990PF, 990C, 990T, 4720, and 5227

⁴Includes Forms 5500, 5500C, 5500K, 5501, 990P, 4848, and 4848A

⁵Includes Forms 7, 8, 11, 4705, 4706, 4707, 4708, Alcohol and Tobacco

⁶Includes Forms 118, 11C, 720, 720M, 730, 2290, and 4838

⁷Includes Forms 1040X, 1120X, 2686, 4866, 7004, 7005, 2438, 990AR, 4578, 5300, 5329, and 1041A

^aProjections do not take into account the Tax Reform Act of 1976

Tax Administration System

Plans for a redesigned IRS data processing framework—the Tax Administration System—were completed and presented to the Congress for approval. Studies were subsequently undertaken to develop implementation approaches which minimize the risks of the broad system changes planned. The redesigned system will enable IRS to improve service to the public, including the processing of tax returns and the retrieval of information related to those returns, to provide increased capability for compliance and enforcement programs, to respond effectively to changes and overcome the limitations of the old system.

To accomplish the Tax Administration System objectives, the taxpayer account files at the National Computer Center in Martinsburg, West Virginia, will be decentralized to the ten IRS service centers; the National Computer Center, in turn, will assume the new role of controlling activities between the service centers and maintaining a directory of service center records so that an account is not kept on file at more than one service center.

The magnitude of the redesigned system requires that its implementation take place in phases. The first phase is tentatively scheduled to begin in one service center, which will serve as a prototype, by early 1981. Implementation in the other centers will be gradual. All phases would be operational in all service centers by 1985.



Revenue Officer Donald R. Williams (R), IRS Dallas District, is presented a personal letter of congratulations from the President of the United States by Dallas Director A.W. McCannless for the officer's suggestion that is estimated to save the Federal government over \$75,000 annually in administration of the Federal Highway Use Tax.

Assistance to State and Local Governments

During 1976, the IRS responded to several requests from State governments for technical assistance under the Intergovernmental Personnel Act.

The IRS provided over 120 weeks of training assistance for 74 employees of state and local governments, including: a specially designed computer auditing course for 21 employees of the Department of Taxation, Hawaii; training in excise tax law for Treasury employees, Puerto Rico; basic revenue agent instructions for employees of the State of Vermont; and investigative techniques training for Department of Revenue employees, Pennsylvania.

In addition, employees of the State of New York and from two of its local counties were provided special IRS assistance to enable them to design tax courses and to instruct their own employees.

Federal-State Exchange Program

The IRS has formal agreements to provide reciprocal exchange of tax information with 48 States, the District of Columbia, Puerto Rico, Guam, and American Samoa. New model agreements are planned to implement the more stringent disclosure provisions contained in the pending Tax Reform Act of 1976. These provisions, when enacted, will require all Federal-State tax agreements to be renegotiated.

Magnetic tape data containing tax information on approximately 66,000,000 taxpayer records were extracted from the Individual Master File for tax year 1974, sorted by State, and furnished to tax authorities in 39 States, the District of Columbia, and Puerto Rico. The IRS is currently developing a new annual standardized Business Master File extract tape program to be furnished to participating States. This program will include Federal unemployment tax information and current business master file extract data. Presently, States are provided limited tape extracts of information from the Business Master File and other Service master files relating to gift taxes and exempt organizations.

Chapter 9

Internal Management of IRS



"For compensation to the Commissioner of the Revenue, clerks and persons employed in his office, five thousand five hundred and twenty-five dollars. For expenses of stationery, printing and all other contingent expenses in the office of the Commissioner of the Revenue, four hundred dollars".

Treasury Appropriation
Act of March 19, 1798

Maintaining IRS Integrity and Efficiency

Internal audit and security programs of the Inspection Service aid IRS managers in their efforts to maintain the highest levels of integrity and efficiency.

Internal Audit Activities

The Internal Audit Division independently reviews all IRS activities to ensure that policies, procedures, and controls protect taxpayer rights and the revenue, and that Service operations are carried out efficiently, effectively, and in accordance with laws and regulations. Varied auditing techniques, including computer analyses and statistical sampling, are used to detect operating problems and integrity breakdowns.

Improvements and Savings

During the year, Internal Audit emphasized reviews of controls for safeguarding tax information, assuring equitable treatment of taxpayers, and safeguarding revenue receipts and other Service assets. The resulting Internal Audit reports enabled management to strengthen the controls in these key areas, improve service to taxpayers, and stimulate an attitude of integrity awareness within the Service. In addition, measurable savings and additional revenue resulting from Internal Audit activities in FY 1976 were estimated to exceed \$12 million.

Corrective actions on some internal audit findings do not result in measurable savings or additional revenue, but instead accelerate the collection of taxes or otherwise increase the effectiveness or efficiency of the Service. Management actions of this type were taken on accounts and returns estimated to total \$4 million.

Fraud, Embezzlement or Misconduct

One of the basic purposes of the Internal Audit program is to detect fraud, embezzlement, or other wrongdoing on the part of Service employees or others who attempt to corrupt employees.

Integrity reviews during FY 1976 resulted in the detection of 10 fraudulent refund schemes involving 258 returns with refunds totaling \$477,000. Nearly \$402,000 of these refunds were stopped before issuance to the claimants. Only one scheme involved a Service employee. In addition, the Internal Audit Division participated with other Service components in the investigation of 9 other refund schemes totaling in excess of \$1.4 million. The Service has established a committee, which includes an Internal Audit representative, to appraise fraudulent tax and refund schemes and recommend improved controls for detecting and deterring such schemes.

The integrity reviews were also a contributing factor in the referral to Internal Security of information indicating possible breaches of integrity to 401 employees and other individuals.

In addition to the prevention of revenue losses due to early detection of improper actions, the integrity reviews have a deterrent effect on those contemplating improper actions, and also identify operational problems for correction by management.

Internal Improvements

To improve service to management, Internal Audit made a number of significant changes in its operations. Internal Audit strengthened its planning budgeting and execution processes by developing a long range audit plan; revised its reporting procedures to provide more informative and better balanced reports; reorganized its management structure to improve span of control, planning, quality reviews, and communications; and provided extensive re-training to staff members.

Internal Security Activities

The Internal Security Division conducts background investigations of IRS job applicants and investigates complaints of criminal and non-criminal misconduct and irregularities concerning employees. It also investigates persons outside the IRS who attempt to bribe or otherwise corrupt Service employees or who threaten or assault employees.

The Division also investigates the unauthorized disclosure of Federal tax return information, disclosure or use of information by preparers of returns and charges against tax practitioners. In addition, the Division conducts special investigations and inquiries as required by the Commissioner and the Office of the Secretary of the Treasury.

During 1976, the Internal Security Division was responsible for the arrest or indictment of 125 individuals, including 27 employees or former employees and 98 taxpayers, tax practitioners or others. A total of 90 defendants were convicted during the year, including 71 defendants who pleaded guilty rather than go to trial. Forty-three of these convictions were for bribery, 27 were for assault, and the remainder involved such other criminal charges as embezzlement, conspiracy to defraud the government, obstruction of justice and subscribing to false returns.

Bribery Attempts

Last year, IRS employees continued to thwart those persons who challenged the integrity of the Service through attempted bribery. In 1976, 179 employees reported 204 possible bribery attempts, resulting in 51 arrests or indictments.

During the 15-year period that the IRS Inspection Service has had the responsibility for the bribery program, IRS employees have reported 1,851 bribery attempts. Approximately one of every four such attempts resulted in prosecution of the taxpayer; in the remainder, there was insufficient evidence to warrant prosecution. Since 1961, bribery investigations have resulted in 493 arrests or indictments and 372 convictions or guilty pleas. At the end of 1976, 42 persons were awaiting trial on bribery charges.

The following cases, in which employees cooperated with Inspection, illustrate bribery attempts during 1976:

A California massage parlor and health spa owner was arrested on charges of attempting to pay a revenue agent \$500 for a no change audit on the spa's 1973, 1974 and 1975 tax returns.

A New York taxpayer was indicted for attempting to pay a \$5,000 bribe to a revenue agent in return for favorable audits of his individual tax return and a corporate return in which the taxpayer is a major stockholder.

A New York accountant pleaded guilty to conspiracy to bribe a revenue agent after he paid the agent \$2,000 to reduce the proposed corporate tax liability from \$30,000 to \$253.

A CPA from New York pleaded guilty to bribery charges after he paid \$3,500 to a revenue agent for a favorable audit of a client; \$450 to a District Office auditor for a favorable audit of another client; and an additional \$125 to the agent in the first case to help fix the second case.

A taxpayer convicted of one count of bribery in California received the maximum sentence of 15 years in prison and fine of \$20,000. This maximum sentence was imposed by the court with the provision that the taxpayer undergo a 90-day psychiatric study at a Federal institution. After completion of the psychiatric study, the court indicated it will consider a reduction in sentence.

An owner of a New England wholesale radio company was indicted for bribery after paying a revenue agent \$2,000 to reduce his tax liability from \$14,000 to approximately \$4,300.

A New Jersey taxpayer was indicted by a Federal Grand Jury for paying a \$1,000 bribe to a revenue agent. The bribe was paid to reduce a proposed tax liability from approximately \$6,000 to \$700. The tax liability resulted from the taxpayer's failure to file tax returns for the years 1968 through 1974.

Two Illinois taxpayers were indicted by a Federal grand jury for bribery and aiding in the preparation of false tax returns. The charges resulted from an investigation in which one of the taxpayers allegedly offered a revenue agent \$50,000 to overlook an "exchange account" transaction.

Assaults and Threats on IRS Employees

Since March 1972, when it was first assigned the responsibility for the Assault and Threat Program, the Internal Security Division has investigated 2,224 cases in this area. Prosecution was authorized in 169 cases, 86 of which resulted in convictions or guilty pleas, and 25 of which are pending trial. During 1976, 705 investigations were initiated and 27 persons were convicted or pleaded guilty. An additional 13 persons were placed in the pre-trial diversion program, subject of revocation of probation, or referred to local authorities for prosecution. In instances where prosecution is not authorized, which is the situation in most cases involving threats, inspectors, with the approval of the U.S. Attorney, contact the alleged assailant to inform him or her of the applicable Federal statutes concerning assaults or threats on government employees. The individual is also advised that repetitive acts could result in serious consequences, including prosecution.

The following cases illustrate examples of Assault and Threat cases this year:

A Florida taxpayer was arrested for pointing a revolver at two revenue officers and threatening to kill them if they continued with seizure of his automobile. The taxpayer's wife was also arrested on the charge of aiding and abetting.

An Indiana taxpayer was arrested after physically assaulting a revenue officer who had placed a Federal tax lien on his salary check. The taxpayer came into the IRS office, grabbed the revenue officer by the hair and shook him, while threatening him with further bodily harm if the lien was not released.

A Michigan taxpayer was arrested on charges of assaulting three revenue officers who were in the process of seizing the assets of his business. The taxpayer threw a cash register in the direction of one revenue officer and grabbed another revenue officer by the coat lapels.

A California taxpayer was arrested for pointing a shotgun at a revenue officer and a special agent who were attempting to seize his property for unpaid taxes.

An Illinois taxpayer was arrested after physically assaulting a revenue officer who had contacted him about payment of \$2,500 in back taxes. The taxpayer struck the revenue officer with his fists several times, knocked him down, and then kicked him repeatedly.

Prevention of Organized Crime Influence

The possible corruptive influence of organized crime upon the Service has always been a matter of concern to the Internal Security Division. An extensive investigation in the New York City area, in which Internal Security participated with the Strike Force and other agencies, resulted in the arrest of eight individuals. One of the individuals was a prominent member of an organized crime family who has been indicted on charges of bribing a special agent to quash an Intelligence/Strike Force investigation of him.

In addition, a total of four organized crime members were convicted or pleaded guilty to charges of obstruction of criminal investigation, bribery and conspiracy. Another organized crime figure has been indicted for making false declarations before a grand jury.

Other Criminal Prosecutions

Other criminal activities involving the Service, which led to prosecutions as a result of Internal Security investigations this year, are as follows:

An IRS San Francisco employee was sentenced to 18 months imprisonment for failing to disclose on his job application forms nine arrests and five convictions mainly for check fraud and forgery. State and U.S. Postal authorities also investigated this employee on other unrelated fraud charges.

An Illinois cement contractor was sentenced to 60 days imprisonment and three years of probation for posing as a revenue agent and attempting to extort \$25,000 from a taxpayer for ending a nonexistent tax investigation.

A former IRS Chamblée Service Center employee pleaded guilty to 37 counts of embezzlement of over \$2,300 from an imprest fund, and was sentenced to a \$1,000 fine a suspended one year imprisonment and two years probation, on the condition that he make full restitution.

A Texas man was arrested and indicted for impersonating a Federal officer after he obtained over \$500 from a taxpayer by pretending to be a Government messenger sent to pick up a refund check.

Two New York men, employees of a communications firm, were arrested for conspiracy to obtain confidential tax information regarding a prospective financial backer of their firm.

Investigation of Employees

Employees who engaged in improper behavior or unlawful actions constitute a very small percentage of the IRS work force. The vast majority of investigations relating to alleged acts of impropriety by Service personnel result in exoneration of the employees.

The Internal Security Division completed 17,004 investigations during the year. In addition, singular and multiple police record searches were conducted on 19,861 persons considered for temporary, short-term appointments or for positions created for special economic and educational programs.

These searches or investigations resulted in the rejection of 199 job applicants and in disciplinary actions such as separations, suspensions, reprimands, warnings or demotion against 957 employees.

The chart on the next page shows the type of investigations completed during the past two years and disposition of those cases.

Internal Security Division Investigations

Type of Investigations and Actions	1975	1976
Total Investigations	18,255	17,004
Personnel Investigations		
Character and Security	11,104	10,291
Conduct	1,063	1,011
Special inquiries	2,561	2,503
Total Personnel Investigations	14,728	13,805
Other Investigations		
Assault	619	705
Disclosure	179	182
Applications to Practice Before IRS	1,491	1,562
Against Attorneys, CPA's and Enrollees Charges	75	52
Federal Tort Claims	134	153
Bribery	214	228
Investigations for Other Treasury Bureaus	825	317
Total Other Investigations	3,537	3,199
Actions by Management Officials on Personnel Investigations		
Total Actions	14,728	13,805
Separations ¹	256	237
Suspensions from Duty and Pay	74	87
Reprimands, Warnings and Demotions	796	633
Rejected for Employment	195	199
Pending Adjudication	—	502
Non-Disiplinary Actions ²	13,407 ³	12,147
Separations by Type of Offense		
Total Separations	256	237
Bribery, Extortion or Collusion	5	6
Embezzlement or Theft of Funds or Property	8	11
Failure of Employee to Pay Proper Tax	23	21
Falsification or Distortion of Reports, Records, etc.	123	105
Unauthorized Outside Activity	2	4
Failure to Discharge Duties Properly	12	6
Divulgence of Confidential Information	4	6
Acceptance of Fees and Gratuities	4	2
Refusal to Cooperate in Official Investigation	0	2
Personal and Other Misconduct	75	74

¹Includes resignations or other separations while employees were under investigation or before administrative decision was made on disciplinary action where investigation disclosed derogatory information.

²Includes clearance and closed without action letters on conduct investigations.

³Includes Pending Adjudications.

Investigative Teamwork

Breaches of integrity by individuals can be investigated jointly by Internal Audit and Internal Security with the assistance of the IRS Intelligence Division in some cases.

In one case, a former tax technician was arrested for filing 37 false income tax returns, claiming refunds of over \$118,000. After her arrest, she offered the explanation that she was "conducting a test" of refund procedure but was unable to explain 15 savings accounts she had recently opened under fictitious names.

A refund scheme in Ohio, which did not involve an employee, led to the arrest of an individual who filed false income tax returns claiming refunds of over \$588,000 at five different IRS Service Centers.

Violations of tax laws discovered during internal audits and integrity investigations are referred to the IRS Intelligence Division for investigation if no employees are involved. During the year, there were 54 such referrals.

In each region, joint Internal Audit—Internal Security integrity development projects were initiated to probe identified high risk Service operations. For example, tests were made at Service Centers to determine that revenue receipts were accurately and timely accounted for. This included testing whether taxpayer payments were input to the computerized Integrated Data Retrieval System in accordance with prescribed procedures. Also, controls over taxpayer delinquent accounts in Office Branches at District Offices were reviewed, accountability records were verified, and the propriety of collection actions were determined, including abatement of penalties and write-off of accounts as uncollectible. A third project involved tests to determine whether undelivered refund checks were effectively safeguarded at Service Centers against unauthorized reissuance.

Management Improvement

Cost Reduction

With the support and involvement of managers and executives at all levels, IRS vigorously applied its best efforts to achieve efficiency and savings during 1976. Through a planned Management by Objectives approach and emphasis on productivity measurement IRS accomplished a number of objectives and made progress toward others that have resulted in savings (some of a cost avoidance nature) of many millions of dollars.

During 1976 several major projects to reduce mailing and distribution costs were accomplished resulting in savings in excess of \$4 million. The mail classifications for quarterly mailouts, Package X, some tax forms orders, as well as Publications 17 and 334 were changed. Also, the IRS developed a wide commercial bill of lading program for commercial shipments of tax forms and other printed material. Each commercial bill of lading produced saves the Government \$12.50 over the processing and post audit price of a Government Bill of Lading. Savings in this area alone exceeded \$100,000. Another similar effort involved diverting to commercial transportation all material that could not be economically moved by mail and this created savings of \$500,000 per year over the past two years.

In the telecommunications area the cost reduction program initiated last year was expanded, resulting in improved service at a substantially lower cost. By reducing Federal Telecommunications System (FTS) charges and local telephone equipment, a \$3.3 million savings was achieved.

The Service's on-going reports curtailment project cancelled enough reports to result in a 1976 savings of approximately \$300,000.

Records disposal during calendar year 1975 resulted in the release of space and equipment valued at approximately \$2.1 million. A total of 155,098 cubic feet of records were destroyed in accordance with regular programs and 365,436 cubic feet of records were retired to the Federal Records Center.

Special emphasis was placed on efficient and economical space and property management to encourage cost consciousness. The implementation of internal management systems provided a means for closer monitoring and control of space and property inventories. These management systems and the continued emphasis on cost reduction, particularly through implementation of open office planning and multiple occupancy work stations will result in the release of additional space in the future. Also furniture and machine rehabilitation and repair have prolonged equipment lifetime and improved utilization.

Employee participation in cost reduction efforts was successfully promoted through the Incentive Awards Program. During 1976, 937 employee suggestions were adopted, resulting in tangible benefits of \$2,008,666 (an increase of \$1,298,466 over last year).



A half century of Federal government service was completed by Mrs. Myrle Dodge, Audit Clerk, in the IRS Detroit District, this year. Mrs. Dodge entered Federal service with the Veterans Administration, August 10, 1925, in Washington, D.C. In 1933, she transferred to the IRS and a year later to the Detroit office, where she has since been employed. During 50 years of service, Mrs. Dodge has received three Superior Performance Awards, a Special Achievement Award, and two Suggestion Awards.

In addition, 345 awards were granted for special achievements which saved IRS \$1,328,723 (\$792,823 more than last year's savings). In both categories, many employees received letters signed by President Ford thanking them for their participation in improving economy. All award recipients had created tangible benefits of \$5,000 or more.

The Service continues to rank as one of the top Federal agencies in the area of safety and health, although the rate of 2.8 disabling employee injuries per million staff hours worked in calendar year 1975 is an increase over the 1974 rate of 1.9.

Service personnel drove 135.3 million miles on official business in 1975 with 874 accidents for a low accident frequency rate of 6.4 accidents per million miles driven.

Executive Development

The Service continued to maintain a competent and effective career executive corps by enrolling 20 employees in executive development training. Included in this training were 16 employees selected by nationwide competition and four incumbent executives.

Middle Management Development

The Service's course for new middle managers, reduced last year from four weeks to two and one-half weeks, was offered fifteen times. This enabled the Service to substantially reduce the backlog of middle managers requiring this training. Training costs were further reduced by conducting the program at field locations as well as in the National Office.

Basic Management Training

Increased responsibilities have made the position of the IRS first level manager more complex and critical. Thus, the Basic Management Training course, attended by all new managers, provides the IRS with a means to prepare first level supervisors for their responsibilities.

Labor Management Activities

This year the Basic Management Training course was redesigned to include more essential material in the same classroom time. Job aids were developed to instruct the manager in the basic mechanics of the position as well as to provide a ready reference when on the job. Subjects such as communications, motivation, labor relations, and performance appraisal are taught in a manner that integrates them into the manager's job.

In July 1975 the IRS concluded negotiations for a three year collective bargaining agreement with the National Treasury Employees Union (NTEU) covering 30,000 employees in the Data Center, National Computer Center, and in 9 of 10 service centers. Overall, the National Office agreement, the multicenter agreement, and the multiregional and multidistrict agreements cover over 65,000 IRS employees.

This agreement renewed the need for training managers and supporting staff people on their supervisory responsibilities under its provisions. Briefings were held for management officials and first level managers received formal training.

Presently the IRS and NTEU are involved in the process of negotiating a new multidistrict agreement covering 30,000 employees in 57 of 58 districts. Upon completion of these negotiations, negotiations for a new multiregional agreement will commence.

Approximately 220 unfair labor practice cases and 330 collective bargaining agreement arbitration cases were filed during the past year which represents a significant increase over the previous 12 month period.

During the year the agency has conducted training on local negotiations, arbitration, and unfair labor practice procedures to increase the expertise of personnel specialists engaged in the administration of Executive Order 11491, as amended, and the provisions of the collective bargaining agreements.



Commissioner Alexander congratulated National Office Volunteer Income Tax Assistance (VITA) coordinators for their efforts in organizing the program to help taxpayers in the Washington, D.C., area. (L to R) Blanca Zayas, Taxpayer Service; John Totten, Fiscal; Athene Evans,

Taxpayer Service; Jane Collinson, Tax Programs; Commissioner Alexander; Carolyn Leonard, Asst. Director, Taxpayer Service; Betty Frey, Taxpayer Communications; Jim Owens, Deputy Asst. Commissioner for Accounts, Collection, and Taxpayer Service.

Equal Employment Opportunity

Employment of the Handicapped

The IRS continued to increase its employment of the handicapped in all occupations. By the end of calendar year 1975, 1,642 handicapped persons were employed by the IRS. Over 100 blind individuals were working as taxpayer service representatives in IRS districts and as tax examiners in the service centers.

Each year, the IRS focuses attention on the valuable contributions of IRS handicapped employees and their ability to perform top-level work by presenting an IRS Outstanding Handicapped Employee of the Year Award. This year, for the first time, two employees received this honor: Robert Clayton, from our Phoenix District, and Breland Collier, from our Jackson District. Mr. Clayton received an additional honor in being selected as the Department of the Treasury's Outstanding Handicapped Employee of the Year.

The IRS continued to increase equal employment opportunity and to insure Upward Mobility opportunities for all employees. There was minimum hiring during the period from year-end 1975 to year-end 1976, with a total on-board increase of only 4 percent. Increases in minority representation exceeded that figure, however, with a total minority increase of 4.8 percent, from 14,321 to 15,008. Blacks increased by 4.5 percent from 11,101 to 11,596, and Hispanics by 13.6 percent, from 2,188 to 2,486. It is also notable that 21 percent of the total increase were minorities.

Revenue Officer Training

The Revenue Officer training program (Phase III) was changed from two weeks of classroom training to a self-taught program requiring about 40 hours of study. This produced an annual savings of over \$250,000 in travel, per diem, and staff costs for training about 400 new Revenue Officers.

Also, the redesigned program eliminated the need for senior Revenue Officers to serve as classroom instructors. Instead, trainees are given individual instruction and guidance, as needed, by a Revenue Officer at their work location.

Taxpayer Service Training

Major efforts have been made to improve Taxpayer Service employees' training. Basic courses have been redesigned to emphasize technical accuracy in answering taxpayer questions. The training program for Taxpayer Service Specialists has been significantly improved to provide greater tax information in more complex areas. Also, improvements have been instituted in the Refresher Tax Law program which is given all employees furnishing taxpayer assistance during the filing period. The Refresher program provides assistants with sufficient knowledge of tax law to answer a wide range of taxpayers' questions.

Writing Improvement Program

Increased attention was given this year to our continuing effort to improve the quality of written communication to the public and also of our internal-use memorandums, reports and directives.

The Effective Writing Program was revised and now includes a three-part training program for originators, reviewers and managers. All segments are designed to ensure that our written communications are clear, correct, concise, and that they serve the purpose of the sender and receiver.

Nearly 600 employees completed this training during the past year. Our objective is that all employees responsible for correspondence will be trained to improve the Service's written image.

Internal Revenue Manual Revision

The Internal Revenue Manual production methods are being converted to a more modern rapid publishing system. The new system will utilize computerized composition, data base maintenance for information retrieval purposes, light-weight paper and a convenient 6" x 9" size. The result will be a more up-to-date manual with space and cost savings over the current system.

Document Security Program

Although the Internal Revenue Service has always been concerned with protecting the confidential nature of information concerning individuals, new guidelines were issued this past year to comply with the Security requirements of the Privacy Act of 1974. These guidelines require that all information concerning individuals be properly protected whether it is recorded on paper documents, magnetic tape, or microfilm. This is a further step in the over-all effort of the Service to protect against unauthorized disclosure of taxpayer information.

Art Advisory Panel

Since 1968, a 12-member panel of art experts including museum directors, scholars, and art dealers, has helped the Service determine the value of works of art donated to charity or included in taxable gifts or estates.

The Commissioner's Art Advisory Panel held three meetings at the National Office during fiscal year 1976. The panel reviewed 541 items representing works of art with a claimed value of more than \$40,180,500. Adjustments were recommended on approximately 63 percent of the items and amounted to more than \$13,500,000. Assistance was provided to the panel by the in-house art program which, in addition, provides support to field requests for valuing such works of art as antique furniture, ceramics, Oriental and African Art, gemstones, and historical and political memorabilia. Almost half of the appraisal items received are now being referred to our in-house art activities program for valuation recommendations.

In its eight years of operation, the Panel has reviewed estimates valued at more than \$185 million and has recommended valuation adjustments of over \$48 million.

Commissioner's Advisory Group

The Commissioner named 15 prominent attorneys, accountants, business executives, educators, and public interest representatives to serve as his Advisory Group during the past year.

The group met with the Commissioner twice during 1976 to provide him and his staff with useful observations and suggestions concerning IRS operations that have been helpful in expanding taxpayer assistance to the public.

Members of the group are selected on the basis of recommendations from professional and public interest organizations in the tax field, IRS officials across the nation, and other groups and individuals interested in sound tax administration. The Commissioner's Advisory Group members serve for one calendar year without compensation.

Small Business Advisory Committee

In order to better understand and provide assistance to small businessmen's particular tax problems, the IRS instituted a Small Business Advisory Committee. During the past year, the Committee has held two meetings. It reviewed many issues affecting small business and made helpful suggestions and recommendations.

Chapter 10

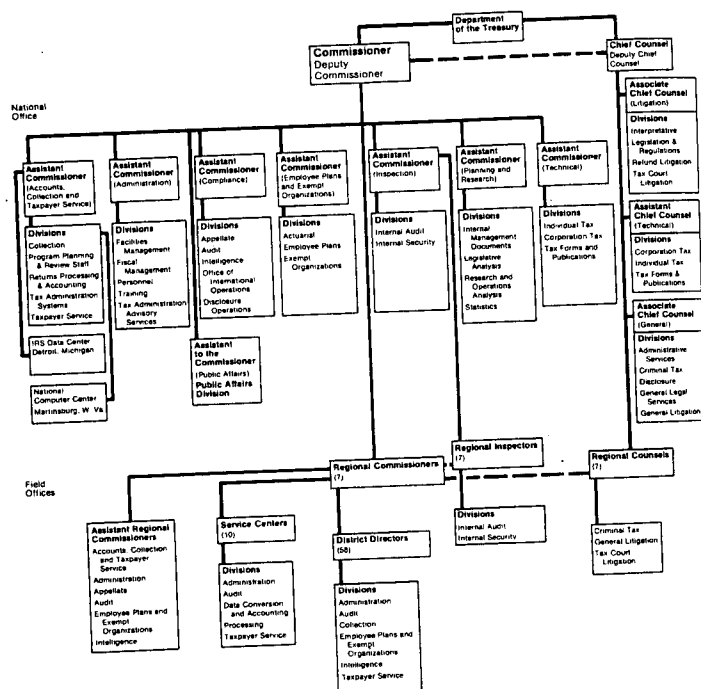
Appendix



"To levy a tax in those cases only which are clearly provided for by statute, and consequently, whenever a reasonable doubt exists, to rule against the government and in favor of the individual".

George S. Boutwell
Commissioner of Internal Revenue 1862

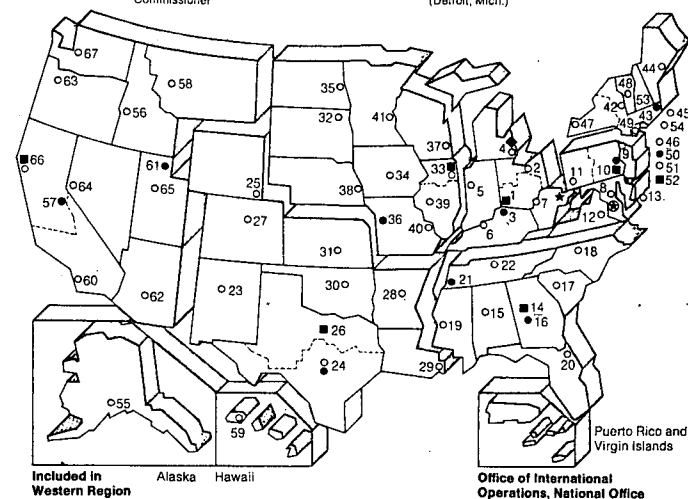
IRS Organizational Chart



Map of Regions, Districts and Service Centers

Key:

- ⊙ Commissioner of Internal Revenue (Washington, D.C.)
- District Director
- ★ National Computer Center (Martinsburg, W. Va.)
- Regional Boundary
- Regional Commissioner
- Service Center
- ◆ IRS Data Center (Detroit, Mich.)
- District Boundary



Region and District Legend:

Central Region 1 Cincinnati, Ohio 2 Cleveland, Ohio 3 Covington, Ky. (Cincinnati, SC) 4 Detroit, Mich. 5 Indianapolis, Ind. 6 Louisville, Ky. 7 Parkersburg, W. Va. Mid-Atlantic Region 8 Baltimore, Md. 9 Newark, N.J. 10 Philadelphia, Pa. 11 Pittsburgh, Pa. 12 Richmond, Va. 13 Wilmington, Del.	Southeast Region 14 Atlanta, Ga. 15 Birmingham, Ala. 16 Chamblee, Ga. 17 Columbia, S.C. 18 Greensboro, N.C. 19 Jackson, Miss. 20 Jacksonville, Fla. 21 Memphis, Tenn. 22 Nashville, Tenn. Southwest Region 23 Albuquerque, N. Mex. 24 Austin, Tex. 25 Cheyenne, Wyo. 26 Dallas, Tex. 27 Denver, Colo. 28 Little Rock, Ark.	29 New Orleans, La. 30 Oklahoma City, Okla. 31 Wichita, Kans. Midwest Region 32 Aberdeen, S. Dak. 33 Chicago, Ill. 34 Des Moines, Iowa 35 Fargo, N. Dak. 36 Kansas City, Mo. 37 Milwaukee, Wis. 38 Omaha, Neb. 39 Springfield, Ill. 40 St. Louis, Mo. 41 St. Paul, Minn.	North Atlantic Region 42 Albany, N.Y. 43 Andover, Mass. 44 Augusta, Maine 45 Boston, Mass. 46 Brooklyn, N.Y. 47 Buffalo, N.Y. 48 Burlington, Vt. 49 Hartford, Conn. 50 Holliston, N.Y. (Brookhaven SC) 51 Manhattan, N.Y. 52 New York, N.Y. 53 Portsmouth, N.H. 54 Providence, R.I.	Western Region 55 Anchorage, Alaska 56 Boise, Idaho 57 Fresno, Calif. 58 Helena, Mont. 59 Honolulu, Hawaii 60 Los Angeles, Calif. 61 Ogden, Utah 62 Phoenix, Ariz. 63 Portland, Ore. 64 Reno, Nev. 65 Salt Lake City, Utah 66 San Francisco, Calif. 67 Seattle, Wash.
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**Commissioners
of Internal
Revenue
1862-1976
and Acting
Commissioners
during
transitory
periods.**

George S. Boutwell
Massachusetts
July 17, 1862/Mar. 4, 1863

Joseph J. Lewis
Pennsylvania
Mar. 18, 1863/June 30, 1865

William Orton
New York
July 1, 1865/Oct. 31, 1865

Edward A. Rollins
New Hampshire
Nov. 1, 1865/Mar. 10, 1869

Columbus Delano
Ohio
Mar. 11, 1869/Oct. 31, 1870

Alfred Pleasonton
New York
Jan. 3, 1871/Aug. 8, 1871

John W. Douglass
Pennsylvania
Aug. 9, 1871/May 14, 1875

Daniel D. Pratt
Indiana
May 15, 1875/July 31, 1876

Green B. Raum
Illinois
Aug. 2, 1876/Apr. 30, 1883

Walter Evans
Kentucky
May 21, 1883/Mar. 19, 1885

Joseph S. Miller
West Virginia
March 20, 1885/Mar. 20, 1889

John W. Mason
West Virginia
Mar. 21, 1889/Apr. 18, 1893

Joseph S. Miller
West Virginia
Apr. 19, 1893/Nov. 26, 1896

W. St. John Forman
Illinois
Nov. 27, 1896/Dec. 31, 1897

Nathan B. Scott
West Virginia
Jan. 1, 1898/Feb. 28, 1899

George W. Wilson
Ohio
Mar. 1, 1899/Nov. 27, 1900

John W. Yerkes
Kentucky
Dec. 20, 1900/Apr. 30, 1907

John G. Capers
South Carolina
June 5, 1907/Aug. 31, 1909

Royal E. Cabell
Virginia
Sept. 1, 1909/Apr. 27, 1913

William H. Osborn
North Carolina
Apr. 28, 1913/Sept. 25, 1917

Daniel C. Roper
South Carolina
Sept. 26, 1917/Mar. 31, 1920

William M. Williams
Alabama
Apr. 1, 1920/Apr. 11, 1921

David H. Blair
North Carolina
May 27, 1921/May 31, 1929

Robert H. Lucas
Kentucky
June 1, 1929/Aug. 15, 1930

David Burnet
Ohio
Aug. 20, 1930/May 15, 1933

Guy T. Helevering
Kansas
June 6, 1933/Oct. 8, 1943

Robert E. Hannegan
Missouri
Oct. 9, 1943/Jan. 22, 1944

Joseph D. Nunan, Jr.
New York
Mar. 1, 1944/June 30, 1947

George J. Schoeneman
Rhode Island
July 1, 1947/July 31, 1951

John B. Dunlap
Texas
Aug. 1, 1951/Nov. 18, 1952

T. Coleman Andrews
Virginia
Feb. 4, 1953/Oct. 31, 1955

Russell C. Harrington
Rhode Island
Dec. 5, 1955/Sept. 30, 1958

Dana Latham
California
Nov. 5, 1958/Jan. 20, 1961

Mortimer M. Caplin
Virginia
Feb. 7, 1961/July 10, 1964

Sheldon S. Cohen
Maryland
Jan. 25, 1965/Jan. 20, 1969

Randolph W. Thrower
Georgia
Apr. 1, 1969/June 22, 1971

Johnnie M. Walters
South Carolina
Aug. 6, 1971/Apr. 30, 1973

Donald C. Alexander
Ohio
May 25, 1973

Office of Commissioner of Internal
Revenue Created by Act of Congress, July
1, 1862

In addition, the following were Acting
Commissioners during periods of time
when there was no Commissioner holding
the office:

John W. Douglas, of Pennsylvania from
Nov. 1, 1870, to Jan. 2, 1871; Henry C.
Rogers, of Pennsylvania, from May 1 to
May 10, 1883, and from May 1 to June 4,
1907; John J. Knox, of Minnesota from
May 11 to May 20, 1883; Robert Williams,
Jr., of Ohio, from Nov. 28 to Dec. 19, 1900;
Millard F. West, of Kentucky, from Apr. 12
to May 26, 1921; H. F. Mires, of
Washington, from Aug. 16 to Aug. 19,
1930; Pressly R. Baldrige, of Iowa, from
May 16 to June 5, 1933; Harold N. Graves,
of Illinois, from Jan. 23 to Feb. 29, 1944;
John S. Graham, of North Carolina, from
Nov. 19, 1952, to Jan. 19, 1953; Justin F.
Winkle, of New York, from Jan. 20 to Feb.
3, 1953; O. Gordon Deik, of Virginia, from
Nov. 1 to Dec. 4, 1955, and from Oct. 1 to
Nov. 4, 1958; Charles I. Fox, of Utah, from
Jan. 21 to Feb. 6, 1961; Bertrand M.
Harding, of Texas, from July 11, 1964 to
Jan. 24, 1965; William H. Smith of Virginia,
from Jan. 21 to Mar. 31, 1969; Harold T.
Swartz of Indiana, from June 23 to
Aug. 5, 1971; and Raymond F. Harless of
California from May 1 to May 25, 1973.

Internal Revenue Commissioners who served in Cabinet
positions.

George S. Boutwell
Secretary of the Treasury
1869 - 1873

Daniel C. Roper
Secretary of Commerce
1933 - 1939

Columbus Delano
Secretary of the Interior
1870 - 1875

Robert E. Hannegan
Postmaster General
1945 - 1947

Principal Officers of the Internal Revenue Service as of September 30, 1976

National Office

Office of the Commissioner

Commissioner
Donald C. Alexander

Deputy Commissioner
William E. Williams

Assistant to the Commissioner
Meade Emory
Thomas V. Glynn

Assistant to the Commissioner (Public Affairs)
A. James Golato

Assistant to the Deputy Commissioner
Michael J. Murphy

Accounts, Collection and Taxpayer Service

Assistant Commissioner (Vacant)

Deputy Assistant Commissioner
James I. Owens

Division Directors:
Collection
Thomas L. Davis
Returns Processing [Accounting
Russell E. Dyke
Tax Administration Systems
Patrick J. Ruttle
Taxpayer Service
Stanley Goldberg
IRS Data Center, Detroit, Mich.
James E. Daly, Jr.
National Computer Center,
Martinsburg, W. Va.
William E. Palmer

Administration

Assistant Commissioner
Joseph T. Davis

Deputy Assistant Commissioner
Alan A. Beck

Division Directors:
Facilities Management
Leo C. Inglesby
Fiscal Management
Joseph F. Kump
Personnel
Billy J. Brown
Tax Administration Advisory Services
Gordon C. Hill, Jr.

Training

Orion L. Birdsall

Deputy Equal Employment Opportunity Officer
Barbara R. Thompson

Compliance

Assistant Commissioner
S. B. Wolfe

Deputy Assistant Commissioner
Philip E. Coates

Division Directors:
Appellate
James C. Stigamire
Audit
John L. Wedick, Jr.
Intelligence
Thomas J. Clancy
Office of International Operations
Joseph G. McGowan

Employee Plans/Exempt Organizations

Assistant Commissioner
Alvin D. Lurie

Deputy Assistant Commissioner
Theodore C. Rademaker

Division Directors:
Actuarial
(Vacant)
Employee Plans
Fred J. Ochs
Exempt Organizations
Joseph A. Tedesco

Inspection

Assistant Commissioner
Warren A. Bates

Deputy Assistant Commissioner
Robert L. Rebein

Division Directors:
Internal Audit
Rudolph W. Arena
Internal Security
William E. Mulroy

Planning and Research

Assistant Commissioner

Anita F. Alpern

Deputy Assistant Commissioner
Walter E. Bergman

Division Directors:
Internal Management Documents
Jack G. Petrie
Legislative Analysis
Claude D. Baldwin
Research and Operations Analysis
Walter E. Bergman
Statistics
Vito Natrella

Technical

Assistant Commissioner
John L. Withers

Deputy Assistant Commissioner
S. A. Winborne

Division Directors:
Corporation Tax
John W. Holt
Individual Tax
Aaron Feibel
Tax Forms and Publications
Roy J. Linger

Office of Chief Counsel

Chief Counsel
Meade Whitaker

Deputy Chief Counsel
Charles L. Saunders, Jr.

Technical Advisors to Chief Counsel

David E. Dickinson
Daniel F. Folzenlogen

Staff Assistant to Chief Counsel
Richard A. Fisher

Staff Assistant to Deputy Chief Counsel
James T. Fuller, III

Associate Chief Counsel (Tax Litigation)
Dennis J. Fox

Special Assistant to Associate Chief Counsel (Tax Litigation)

Margaret M. Richardson

Staff Assistant to Associate Chief Counsel (Tax Litigation)
Lewis J. Hubbard, Jr.

Division Directors:
Administrative Services
Joseph H. Hairston, Acting
Criminal Tax
David E. Gaston
Disclosure
James L. Keightley
General Legal Services
George J. Shaw, Jr.
General Litigation
Harold T. Flanagan
Interpretative
Jerome D. Sebastian

Legislation and Regulations

James F. Dring
Refund Litigation
John H. Menzel
Tax Court Litigation
David R. Brennan

Regional and District Officers

Central Region

All Regional Officers at 550 Main Street, Cincinnati, Ohio 45202, unless a different address is indicated.

Regional Commissioner

Leon C. Green

Assistant Regional Commissioners:

Accounts, Collection [Taxpayer Service
L. Stanley Baker
Administration
Anthony W. D'Amato
Appellate
Claude C. Rogers, Jr.
Audit
Jack P. Chivatero
Employee Plans/Exempt Organizations
Edwin A. Kelleher
Intelligence
Harold B. Holt

District Directors:

Cincinnati, Ohio 45201
 Dwight L. James, Jr.
 Cleveland, Ohio 44199
 Robert J. Dath
 Detroit, Mich. 48226
 Roger L. Plate
 Indianapolis, Ind. 46204
 James W. Caldwell
 Louisville, Ky. 40202
 Paul F. Niederecker
 Parkersburg, W.Va. 26101
 T. Blair Evans

**Director, Cincinnati Service Center,
Covington, Ky. 41011**

John O. Hummel
 Regional Counsel
 David E. Mills
 Regional Inspector
 John E. McManus

Mid-Atlantic Region

All Regional Officers at
 2 Penn Center Plaza,
 Philadelphia, Pa. 19102, unless a
 different address is indicated

Regional Commissioner
William D. Waters**Assistant Regional Commissioners:**

Accounts, Collection [Taxpayer Service]
 Leroy C. Gay
 Administration
 Americo P. Attorri
 Appellate
 Reuben H. Saideman
 Audit
 Paul H. Thornton
 Employee Plans/Exempt Organizations
 James J. Ryan
 Intelligence
 Robert L. Browne

District Directors

Baltimore, Md. 21201
 Gerald G. Portney
 Newark, N.J. 07102
 Elmer H. Klinsman
 Philadelphia, Pa. 19108
 James T. Rideoutte
 Pittsburgh, Pa. 15222
 Cornelius J. Coleman
 Richmond, Va. 23240
 James P. Boyle
 Wilmington, Del. 19801
 James E. Quinn

**Director, Philadelphia Service Center,
Philadelphia, Pa. 19155**

Norman E. Morrill
 Regional Counsel
 Robert L. Liken
 Regional Inspector
 Benjamin J. Redmond

Midwest Region

All Regional Officers at
 1 East Wacker Drive
 Chicago, Ill. 60606, unless a
 different address is indicated

Regional Commissioner

Edwin P. Trainor

Assistant Regional Commissioners:

Accounts, Collection [Taxpayer Service]
 Thomas J. Laycock
 Administration
 David S. Burckman
 Appellate
 Bernard L. Hardiek
 Audit
 Leon Moore
 Employee Plans/Exempt Organizations
 John Edwards
 Intelligence
 Robert J. Bush

District Directors

Aberdeen, S.Dak. 57401
 John B. Langer
 Chicago, Ill. 60604
 Charles F. Miriani
 Des Moines, Iowa 50309
 Donald J. Porter
 Fargo, N.Dak. 58102
 Mitchell E. Premis, Jr.
 Milwaukee, Wis. 53202
 Lawrence M. Phillips
 Omaha, Neb. 68102
 Everett Loury
 Springfield, Ill. 62704
 Ira S. Loeb
 St. Louis, Mo. 63101
 Richard C. Voskuil
 St. Paul, Minn. 55101
 C. Dudley Switzer

**Director, Kansas City Service Center
Kansas City, MO 64170**

Roy D. Clark
 Regional Counsel
 Frank C. Conley
 Regional Inspector
 John T. Kelly

North-Atlantic Region

All Regional Officers at
 90 Church Street
 New York, N.Y. 10007 unless a different
 address is indicated

Regional Commissioner

Elliott H. Gray

Assistant Regional Commissioners:

Accounts, Collection [Taxpayer Service]
 Marshall P. Cappelli
 Administration
 Harry J. Bodkin
 Appellate
 Richard E. Fogwell
 Audit
 Joseph Slipowitz
 Employee Plans/Exempt Organizations
 Toomer F. Carr
 Intelligence
 Harry P. McCall

District Directors:

Albany, N.Y. 12206
 Raymond A. Spillman
 Augusta, Maine 04330
 John J. Jennings
 Boston, Mass. 02203
 Herbert M. Mosher
 Brooklyn, N.Y. 11201
 George S. Alberts
 Buffalo, N.Y. 14202
 William H. Tompkins
 Burlington, Vt. 05401
 Peter L. Dillon
 Hartford, Conn. 06103
 Pete J. Medina
 Manhattan, N.Y. 10007
 Charles H. Brennan
 Portsmouth, N.H. 03801
 Frank T. Murphy
 Providence, R.I. 02903
 John J. O'Brien

**Director, Andover Service Center,
Andover, MA 01812**

M. Eddie Heironimus
 Director, Brookhaven Service Center,
 Holtsville, N.Y. 11742
 Theodore E. Davis
 Regional Counsel
 Sidney M. Wolk
 Regional Inspector
 John T. Gallagher

Southeast Region

All Regional Officers at 275 Peachtree Street
 N.E., Atlanta, Ga. 30303, unless a
 different address is indicated

Regional Commissioner

Harold A. McGuffin

Assistant Regional Commissioners:

Accounts, Collection [Taxpayer Service]
 William E. Douglas
 Administration
 Philip N. Sansotta
 Appellate
 Tully Miller
 Audit
 Philip J. Sullivan
 Employee Plans/Exempt Organizations
 Billy M. Hargett
 Intelligence
 Anthony V. Langone

District Directors:

Atlanta, Ga. 30303
 John W. Henderson
 Birmingham, Ala. 35203
 Dwight T. Baptist
 Columbia, S.C. 29201
 Harold Bindseil
 Greensboro, N.C. 27401
 Robert A. LeBaube
 Jackson, Miss. 39202
 William Daniel
 Jacksonville, Fla. 32202
 Charles O. DeWitt
 Nashville, Tenn. 37203
 James A. O'Hara

**Director, Atlanta Service Center
Chamblee, Ga. 30006**

William B. Hartlage
 Director, Memphis Service Center
 Memphis, Tenn. 38110
 Claude A. Kyle
 Regional Counsel
 Jack D. Yarbrough
 Regional Inspector
 Dale W. Gardner

Southwest Region

All Regional Officers at
7839 Churchill Way,
Dallas, Texas 75251, unless a different
address is indicated

Regional Commissioner
Walter T. Coppinger

Assistant Regional Commissioners:
Accounts, Collection | Taxpayer Service
Joseph E. Bishop
Administration
Raymond Astumian
Appellate
Douglas M. Moore
Audit
Howard C. Longley
Employee Plans/Exempt Organizations
Percy P. Woodard, Jr.
Intelligence
John M. Rankin, Jr.

District Directors:
Albuquerque, N. Mex. 87101
Arturo A. Jacobs
Austin, Texas 78701
Robert M. McKeever
Cheyenne, Wyo. 82001
Bobby G. Hughes
Dallas, Texas 75202
Alden W. McCanless
Denver, Colo. 80202
Gerald L. Mihlbachler
Little Rock, Ark. 72203
Paul D. Williams
New Orleans, La. 70130
Robert M. Cutts
Oklahoma City, Okla. 73102
(Vacant)
Wichita, Kans. 67202
Maurice E. Johnson

Director, Austin Service Center
Austin, Texas 78740
Leonard E. Semrick
Regional Counsel
William B. Riley
Regional Inspector
Paul F. Kearns

Western Region

All Regional Officers at 525 Market Street,
San Francisco, Calif. 94105 unless a different
address is indicated

Regional Commissioner
Thomas A. Cardoza

Assistant Regional Commissioners:
Accounts, Collection | Taxpayer Service
John D. Johnson
Administration
Kenneth G. Rivett
Appellate
(Vacant)
Audit
Johnnie Robertson
Employee Plans/Exempt Organizations
Ralph F. Albrecht
Intelligence
Richard C. Wassenaar

District Directors:
Anchorage, Alaska 99510
Charles E. Roddy
Boise, Idaho 83724
Howard T. Martin
Helena, Mont. 59601
Frederick C. Nielsen
Honolulu, Hawaii 96813
William M. Wolf
Los Angeles, Calif. 90012
William H. Connett
Phoenix, Ariz. 85025
Prescott A. Berry
Portland, Ore. 97204
Ralph B. Short
Reno, Nev. 89502
Gerald F. Swanson
Salt Lake City, Utah 84111
Roland V. Wise
San Francisco, Calif. 94102
Francis L. Browitt
Seattle, Wash. 98121
Michael D. Sassi

Director, Fresno Service Center
Fresno, Calif. 93730
Fredric F. Perdue
Director, Ogden Service Center
Ogden, Utah 84402
Robert H. Terry
Regional Counsel
Emory L. Langdon
Regional Inspector
Frederick R. Rowe, Jr.

Audit Charts and Tables

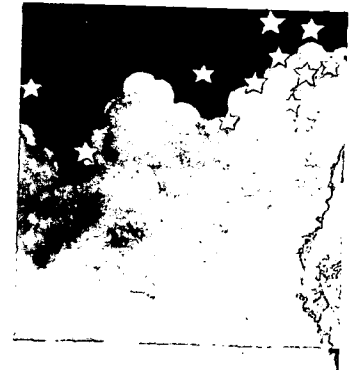


Table 1.—Audit Staff Years Realized, FY 1976

	Years		
	Planned ¹	Actual ²	Percent
Revenue Agents			
United States	14,097	14,166	100.5
North Atlantic	2,888	2,885	99.9
Mid-Atlantic	1,844	1,841	99.8
Southeast	1,574	1,606	102.0
Central	1,564	1,598	102.2
Midwest	2,067	2,062	99.8
Southwest	1,751	1,753	100.1
Western	2,310	2,325	100.6
OIO	99	96	97.0
Tax Auditors			
United States	4,763	4,763	100.0
North Atlantic	763	772	101.2
Mid-Atlantic	566	579	102.3
Southeast	650	687	105.7
Central	451	461	102.2
Midwest	567	557	98.2
Southwest	518	486	93.8
Western	1,180	1,148	97.3
OIO	68	73	107.4
Other (Permanent)³			
United States	6,947	6,732	96.9
North Atlantic	1,252	1,193	95.3
Mid-Atlantic	789	786	99.6
Southeast	861	824	95.7
Central	748	767	102.5
Midwest	1,008	952	94.4
Southwest	817	818	100.1
Western	1,320	1,257	95.2
OIO	152	135	88.8

¹Operating Financial Plan
²Report of Average Positions Realized and Costs Incurred.
 (Includes Regional Analysts)
³Other includes ARC Audit, Executive Assistant, Chief of
 Audit and Clerks.

Table 2. Returns Filed, Examinations, and Audit Coverage

	Returns Examined FY 1976			Returns Filed	Percent Of Cover- age
	CY 1975	Revenue Agents	Tax Auditors	Total	
Individual, total	83,913,057	326,951	1,560,449	1,887,400	2.25
NB Under \$10,000	42,924,677	37,216	731,641	768,857	1.79 ¹
NB \$10,000 Under \$50,000	30,348,306	74,872	670,476	745,348	2.46
NB \$50,000 and Over	566,948	51,966	18,511	70,497	12.43
B Under \$10,000	4,685,157	43,093	93,681	136,774	2.92
B \$10,000 Under \$30,000	4,466,931	57,531	36,077	93,608	2.10
B \$30,000 and Over	921,038	62,253	10,063	72,316	7.85
Fiduciary	1,558,570	18,625	109	18,734	1.20
Corporation, total	1,765,539	166,709	1,044	167,753	9.50
Assets not reported	125,587	8,405	62	8,467	6.74
Under \$50,000	649,353	21,340	649	21,989	3.39
\$50,000 Under \$100,000	251,053	15,926	206	16,132	6.43
\$100,000 Under \$250,000	319,567	24,929	66	24,995	7.82
\$250,000 Under \$500,000	176,646	25,672	31	25,703	14.55
\$500,000 Under \$1 Mil.	109,011	20,610	10	20,620	18.92
\$1 Mil. Under \$5 Mil.	94,718	32,246	14	32,260	34.06
\$5 Mil. Under \$10 Mil.	14,848	5,855	2	5,857	39.45
\$10 Mil. Under \$50 Mil.	18,052	7,144	1	7,145	39.58
\$50 Mil. Under \$100 Mil.	2,974	1,644	2	1,646	55.35
\$100 Mil. and Over	3,730	2,938	1	2,939	78.79
Estate, total	225,827	39,549	8,473	48,022	21.27
Gross Estate Under \$300,000	195,448	21,264	7,641	28,905	14.79
Gross Estate \$300,000 and Over	30,379	18,285	832	19,117	62.93
Gift	273,184	10,214	2,727	12,941	4.74
Income, Estate and Gift, Total	87,736,177	562,048	1,572,802	2,134,850	2.43 ¹
Service Center Examination Inc., Est. and Gift	—	—	—	134,628	.15 ²
Income, Estate and Gift, Grand Total	—	562,048	1,572,802	2,269,478	2.59 ¹
Excise³	846,508	79,394	12,827	98,797	11.43
District	—	79,394	12,827	92,221	—
Service Center Examinations	—	—	—	6,576	—
Employment	24,737,828	92,054	39,816	131,870	.53
Service Center Disposals:					
Total	—	—	—	1,882,178	—
Examinations	—	—	—	141,204	—
Corrections	—	—	—	1,740,974	—

¹Percentage Coverage in NB Under \$10,000 Standard was
 .89 NB Under \$10,000 Itemized was 4.33

²Excludes special occupational and alcohol and tobacco
 taxes
³Does not add due to rounding.

Table 3.—Accomplishments vs Plan, FY 1976 Revenue Agents

Tax Class	Desys ¹		Returns		Percent of Plan	
	Plan	Actual	Plan	Actual	Desys	Returns
Individual Total	2,649	2,845	317,552	326,951	107	103
Form 1040—Standard	3	42	740	8,144	1,367	1,101
NB under \$10,000— Itemized	130	157	22,365	29,072	121	130
NB \$10,000 under 50,000	329	430	58,569	74,872	131	128
NB \$50,000 and over	389	408	50,016	51,986	105	104
B under \$10,000	471	495	49,564	43,093	105	87
B \$10,000 under \$30,000	575	584	63,065	57,531	102	91
B \$30,000 and over	752	729	73,233	62,253	97	85
Fiduciary	127	141	14,526	18,625	111	128
Corporation Total	3,474	3,615	165,757	166,709	104	101
No Balance Sheet	65	47	5,133	8,405	71	164
Under \$50,000	191	180	20,256	21,340	95	105
\$50,000 under \$100,000	145	152	15,436	15,926	105	103
\$100,000 under \$250,000	228	251	24,513	24,929	110	102
\$250,000 under \$500,000	279	280	26,451	25,672	101	97
\$500,000 under \$1 Mil.	255	266	21,419	20,610	104	96
\$1 Mil. under \$5 Mil.	570	639	33,125	32,246	112	97
\$5 Mil. under \$10 Mil.	195	211	6,876	5,855	108	85
\$10 Mil. under \$50 Mil.	331	398	7,688	7,144	120	93
\$50 Mil. under \$100 Mil.	163	165	1,945	1,644	101	85
\$100 Mil. and over	1,052	1,026	2,915	2,938	98	101
Estate	567	580	39,228	39,549	102	101
Gift	42	57	8,396	10,214	134	122
Income, Estate & Gift Total	6,859	7,238	545,459	562,048	106	103
Excise	176	188	75,283	79,394	107	105
Employment	235	252	84,780	92,054	107	109
Joint Compliance	93	41	—	—	44	—
Special Enforcement Program	289	271	—	—	94	—

¹Direct examination staff-years

Table 4.—Accomplishment vs Plan, FY 1976 Tax Auditors

Tax Class	Desys ¹		Returns		Percent of Plan	
	Plan	Actual	Plan	Actual	Desys	Returns
Individual total	2,342	2,580	1,516,187	1,560,449	110	103
Form 1040—standard	176	182	195,768	198,989	104	102
NB under \$10,000— Itemized	594	676	501,281	532,652	114	106
NB \$10,000 under \$50,000	873	1,088	659,273	670,476	125	102
NB \$50,000 and over	42	39	19,499	18,511	94	95
B under \$10,000	473	430	100,881	93,681	91	93
B \$10,000 under \$30,000	140	127	30,176	36,077	91	120
B \$30,000 and over	44	37	9,309	10,063	84	108
Fiduciary	—	—	—	109	—	—
Corporation	—	3	—	1,044	—	—
Estate	41	39	8,676	8,473	96	98
Gift	10	8	2,998	2,727	83	91
Income, estate, gift, Total	2,393	2,630	1,527,661	1,572,802	110	103
Excise	18	19	11,680	12,827	101	110
Employment	44	40	38,643	39,816	90	103

¹Direct examination staff-years

Table 5.— Audit Recruitment - Commitments and Appointments, FY's 1974-1976

Region	FY 1976	FY 1975	FY 1974
Revenue Agents			
United States	956	981	956
North Atlantic	145	160	156
Mid-Atlantic	125	118	133
Southeast	117	115	115
Central	120	112	101
Midwest	154	178	159
Southwest	155	137	120
Western	132	152	162
OIO	8	9	10
Tax Auditors			
United States	497	484	512
North Atlantic	54	64	81
Mid-Atlantic	67	59	76
Southeast	75	77	70
Central	50	40	40
Midwest	64	63	82
Southwest	52	53	66
Western	131	125	96
OIO	4	3	1

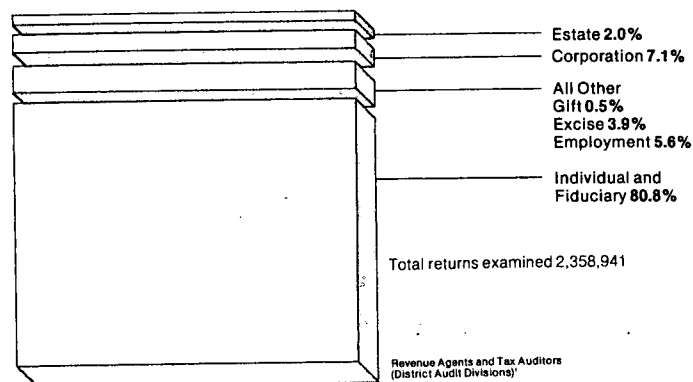
Table 6.— Audit Attrition— Revenue Agents and Tax Auditors, FY's 1974-1976

Region	FY 1976	FY 1975	FY 1974
Revenue Agents¹			
United States	1,192	597	3,376
North Atlantic	232	77	512
Mid-Atlantic	121	34	492
Southeast	177	143	491
Central	161	30	206
Midwest	222	27	596
Southwest	67	25	529
Western	212	261	550
Tax Auditors			
United States	1,119	1,150	2,031
North Atlantic	158	205	350
Mid-Atlantic	115	53	403
Southeast	147	228	305
Central	126	130	84
Midwest	174	112	283
Southwest	25	—	197
Western	374	422	409

¹Includes Estate Tax Attorneys and Valuation Engineers

Table 7.—Revenue Agents and Tax Auditors (District Audit Divisions)

Percent of Returns Examined
By Type of Tax
FY 1976



Percent of Time Spent on Examinations
By Type of Tax
FY 1976

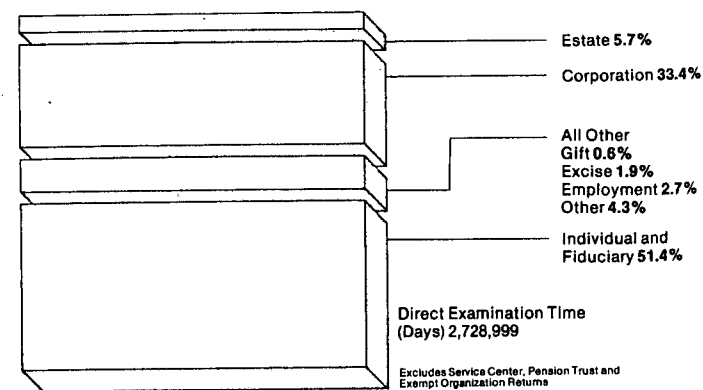
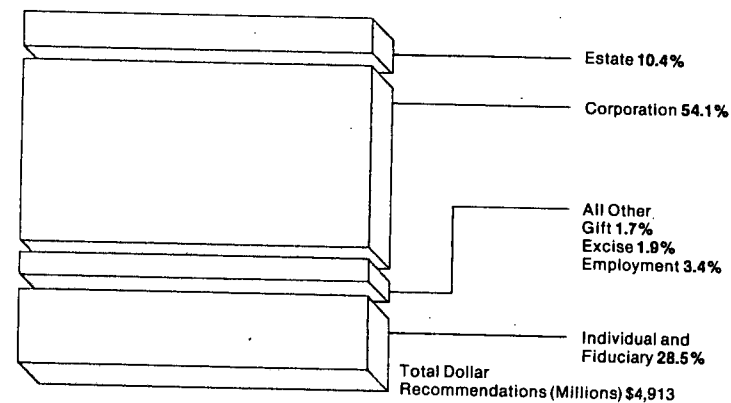


Table 7.—Revenue Agents and Tax Auditors—Continued

Percent of Dollar Recommendations (Millions)
By Type of Tax
FY 1976



Percent of Collections By
Type of Tax
FY 1976

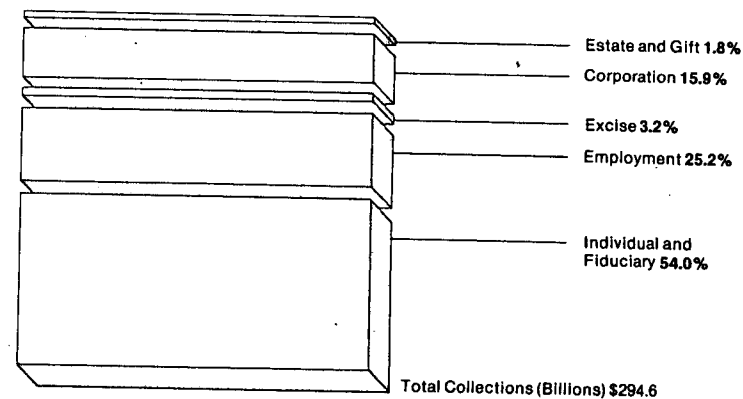


Table 8.—Large Deficiencies Recommended (\$100,000 & Over)
Returns and Dollars, FY's 1974-1976

Region	FY 1976	FY 1975	FY 1974
Returns			
United States	'5,143	'5,137	'5,731
North Atlantic	1,130	1,122	1,436
Mid-Atlantic	675	797	703
Southeast	735	633	683
Central	529	559	686
Midwest	791	683	868
Southwest	677	602	625
Western	739	831	1,001
OIO	81	112	61
Dollar Recommendations (Millions)			
United States	\$2,959.2	\$3,421.3	\$4,220.9
North Atlantic	767.0	814.4	1,241.1
Mid-Atlantic	371.9	608.2	370.3
Southeast	281.7	396.0	385.0
Central	296.6	415.6	509.4
Midwest	440.0	403.5	630.9
Southwest	390.3	294.5	394.5
Western	368.4	427.3	668.6
OIO	43.5	61.7	21.2

*Regional totals do not add to U.S. Total because of special reporting procedures for large cases.

Table 9—Large Deficiencies (\$100,000 and over)
Percent of Relationship to Total Tax (District Audit Divisions)

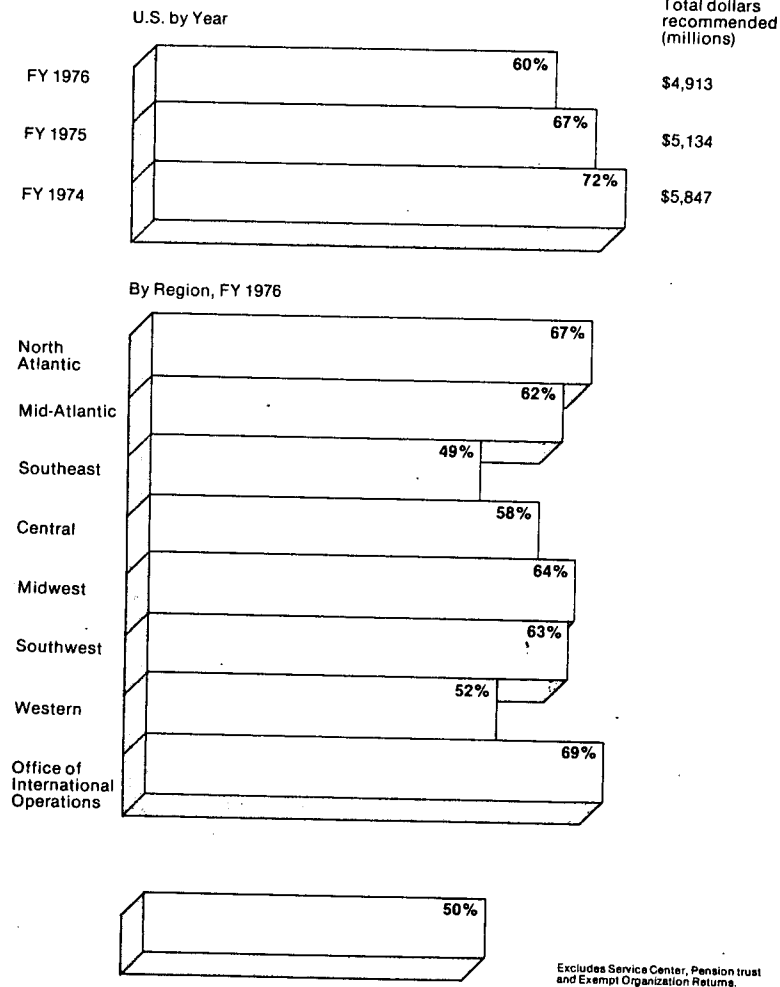
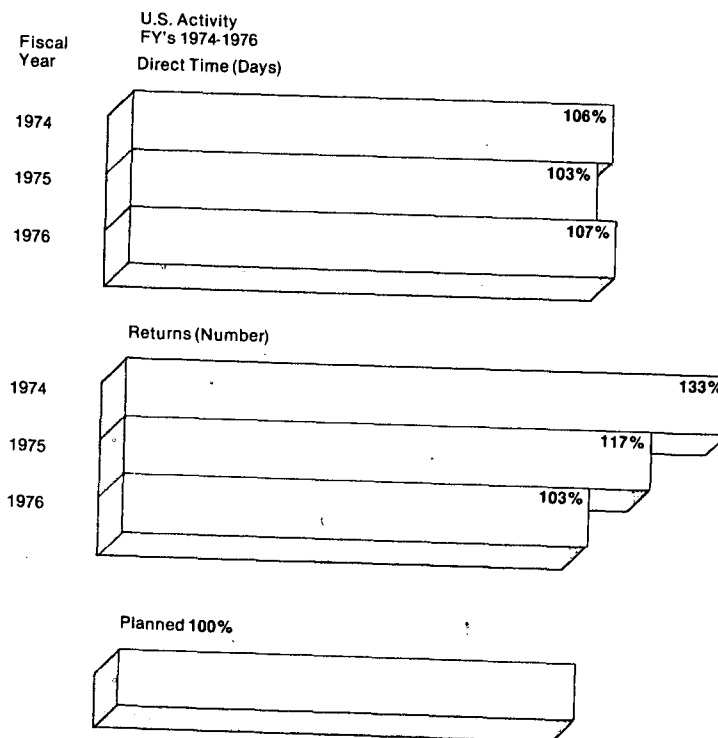


Table 10.—Individual Returns—Accomplishments in Relation to Plan FY 1976 Revenue Agents

Region	Planned	Actual	Percent
Direct Examination Time(Days)			
United States	667,611	716,821	107
North Atlantic	109,754	109,325	100
Mid-Atlantic	71,169	80,336	113
Southeast	86,400	93,839	109
Central	73,183	83,638	114
Midwest	88,206	91,570	104
Southwest	97,715	97,779	100
Western	137,682	155,773	113
OIO	3,502	4,564	130
Returns Examined			
United States	317,552	326,951	103
North Atlantic	49,371	54,611	111
Mid-Atlantic	34,376	40,253	117
Southeast	38,121	41,948	110
Central	34,034	36,228	106
Midwest	42,199	37,763	89
Southwest	45,963	39,184	85
Western	72,445	75,242	104
OIO	1,043	1,722	165

Table 11.—Revenue Agents Accomplishments-Individual Returns (District Audit Divisions)



Note: Individual and Fiduciary Combined for 1974

Table 12.—Accomplishments in Relation to Plan-Fiduciary Returns FY 1976
Revenue Agents

Region	Planned	Actual	Percent
Direct Examination Time (Days)			
United States	31,997	35,453	111
North Atlantic	9,256	6,925	75
Mid-Atlantic	4,959	3,934	79
Southeast	2,556	3,700	145
Central	2,911	4,268	147
Midwest	4,475	5,500	123
Southwest	3,730	5,457	146
Western	4,085	5,657	139
OIO	25	13	52
Returns Examined			
United States	14,526	18,625	128
North Atlantic	3,547	4,359	123
Mid-Atlantic	1,988	2,313	116
Southeast	1,386	1,588	115
Central	1,321	1,914	145
Midwest	2,509	3,260	130
Southwest	1,634	2,310	141
Western	2,136	2,871	134
OIO	5	10	200

Table 13.—Examination Time, Returns and Dollars—Individual and Fiduciary—
FYs 1974-1976
Revenue Agents

Region	FY 1976 ¹	FY 1975 ¹	FY 1974 ¹
Direct Examination Time (Days)			
United States	752,274	754,230	586,660
North Atlantic	116,250	128,028	97,487
Mid-Atlantic	84,270	86,445	71,378
Southeast	97,539	101,002	75,686
Central	87,906	78,167	66,025
Midwest	97,070	95,673	75,402
Southwest	103,236	111,309	81,251
Western	161,430	149,894	115,815
International Operations	4,577	3,714	3,619
Returns Examined			
United States	345,576	366,728	311,267
North Atlantic	58,970	57,597	44,120
Mid-Atlantic	42,566	43,264	34,963
Southeast	43,536	47,410	38,406
Central	38,142	41,145	31,394
Midwest	41,023	45,238	44,216
Southwest	41,494	51,752	52,862
Western	78,113	79,095	64,120
International Operations	1,732	1,227	1,186
Dollar Recommendations (Millions)			
United States	\$1,019.0	\$947.7	\$896.8
North Atlantic	192.9	194.6	185.0
Mid-Atlantic	119.2	116.0	96.7
Southeast	177.8	155.5	129.8
Central	93.3	93.4	81.5
Midwest	113.0	87.4	67.8
Southwest	118.6	96.8	102.1
Western	176.8	194.9	225.9
International Operations	27.5	9.2	8.0

Note: Dollars may not add due to rounding.

¹Individual and Fiduciary combined for comparison with FY 1974.

**Table 14.—Revenue Agents
(Average Hours Per Return)
Individual and Fiduciary returns by class and region FYs 1974-1976**

Class	Fiscal Years		
	1976	1975	1974
Total (Individual & Fiduciary)	*17.5	*16.3	16.0
Form 1040 Standard	11.5	10.0	9.4
Nonbusiness, under \$10,000—Itemized	16.8	13.6	11.9
Nonbusiness, \$10,000 under \$50,000	12.6	11.0	9.3
Nonbusiness, \$50,000 and over	15.7	15.9	17.5
Business, under \$10,000	21.2	19.4	22.0
Business, \$10,000 under \$30,000	19.6	18.6	19.5
Business, \$30,000 and over	22.5	20.9	21.9
Total Fiduciary	13.6	10.3	—
Region			
United States	**17.5	**16.3	16.0
North Atlantic	18.8	18.9	21.1
Mid-Atlantic	16.7	16.8	16.9
Southeast	17.8	16.0	15.5
Central	16.6	16.7	18.2
Midwest	19.5	16.0	14.2
Southwest	10.5	15.5	12.6
Western	14.5	14.5	15.1
International Operations	19.2	22.5	22.5

*Individual by class only for FY 1975 and FY 1976. Individual and Fiduciary are combined for FY 1974 class data.

**Includes Individual and Fiduciary by region for comparison with FY 1974.

**Table 15.—Revenue Agents (Average Dollar Recommendations Per Return)
Individual and Fiduciary Returns by Class and Region FYs 1974-1976**

Class	Fiscal Years		
	1976	1975	1974
Total (Individual & Fiduciary)	*\$2,949	*\$2,584	\$2,881
Form 1040 Standard	1,087	846	1,307
Nonbusiness, under \$10,000—Itemized	2,596	2,917	2,023
Nonbusiness, \$10,000 under \$50,000	1,759	1,530	1,377
Nonbusiness, \$50,000 and over	4,761	5,837	7,731
Business, under \$10,000	1,912	1,565	2,236
Business, \$10,000 under \$30,000	1,650	1,463	1,941
Business, \$30,000 and over	4,931	3,672	4,752
Total Fiduciary	3,824	1,817	—
Region			
United States	**\$2,949	**\$2,584	\$2,881
North Atlantic	3,271	3,379	4,194
Mid-Atlantic	2,800	2,680	2,765
Southeast	4,084	3,279	3,379
Central	2,447	2,270	2,595
Midwest	2,754	1,931	1,534
Southwest	2,857	1,871	1,931
Western	2,263	2,464	3,523
International Operations	15,858	7,487	6,777

*Individual by class only for FY 1975 and FY 1976. Individual and Fiduciary are combined for FY 1974 class data.

**Includes Individual and Fiduciary by region for comparison with FY 1974.

**Table 16.—No Change Percent—Individual and Fiduciary—Return and Time—
by Class and Region—FYs 1974-1976
Revenue Agents**

Class	Returns			Time		
	FY	FY	FY	FY	FY	FY
	1976	1975	1974	1976	1975	1974
Total (Individual & Fiduciary)	*16	*19	23	*13	*15	14
Form 1040 Standard	16	23	34	11	15	17
NB under \$10,000	15	20	24	11	14	15
NB \$10,000 under 50,000	12	16	27	10	12	15
NB \$50,000 and over	12	18	21	11	15	13
Business under \$10,000	16	19	20	12	14	13
Business \$10,000 under \$30,000	15	18	20	11	14	15
Business \$30,000 and over	16	18	20	12	14	14
Total Fiduciary	52	55	—	47	51	—
Region	**16	**19	23	**13	**15	14
United States	15	19	18	13	16	13
North Atlantic	20	23	24	17	19	17
Mid-Atlantic	16	18	21	11	14	13
Southeast	18	19	21	14	15	15
Central	15	16	25	12	13	15
Midwest	16	21	30	12	16	16
Southwest	15	19	19	13	15	14
Western	19	22	24	17	19	19
OIO						

*Individual by class only for FY 1975 and FY 1976.
Individual and Fiduciary are combined for FY 1974 class
data.

**Includes Individual and Fiduciary by region for
comparison with FY 1974.

**Table 17.—Accomplishments in Relation to Plan—Individual Returns—FY 1976
Tax Auditors**

Region	Planned	Actual	Percent
Direct Examination Time (Days)			
United States	590,149	649,848	110
North Atlantic	95,649	105,156	110
Mid-Atlantic	68,738	80,029	116
Southeast	88,802	104,792	118
Central	53,487	61,941	116
Midwest	67,089	74,124	111
Southwest	68,363	68,587	100
Western	139,950	146,347	105
OIO	8,071	8,876	110
Returns Examined			
United States	1,516,187	1,560,449	103
North Atlantic	265,496	284,337	107
Mid-Atlantic	186,148	204,007	110
Southeast	230,768	241,165	105
Central	128,987	149,877	116
Midwest	160,943	146,847	91
Southwest	157,586	146,490	93
Western	368,181	367,408	100
OIO	18,078	20,318	112

**Table 20. — Tax Auditors (Average Hours per Return)
Individual and Fiduciary Returns by Class and Region FYs 1974-76**

	Fiscal Years		
	1976	1975	1974
Class			
Total (Individual & Fiduciary)	*3.0	*2.8	2.5
Form 1040 Standard	1.7	1.0	1.4
Nonbusiness, under \$10,000—Itemized	2.4	2.4	2.1
Nonbusiness, \$10,000 under \$50,000	2.9	2.8	2.4
Nonbusiness, \$50,000 and over	3.6	3.7	3.3
Business, under \$10,000	8.0	7.8	8.3
Business, \$10,000 under \$30,000	6.3	6.3	5.9
Business, \$30,000 and over	6.4	6.5	6.1
Total Fiduciary	4.9	4.5	—
Region			
United States	**3.0	**2.8	2.5
North Atlantic	2.7	2.6	2.6
Mid-Atlantic	2.7	2.7	2.5
Southeast	3.1	2.9	2.2
Central	3.0	2.8	2.6
Midwest	3.5	3.3	2.7
Southwest	3.5	3.1	2.3
Western	2.8	2.8	2.8
International Operations		2.4	2.6

*Individual by class only for FY 1975 and FY 1976. Individual and Fiduciary are combined for comparison with FY 1974.

**Includes Individual and Fiduciary by regions for comparison with FY 1974.

**Table 21. — Tax Auditors (Average Dollar Recommendations per Return)
Individual and Fiduciary Returns by Class and Region FYs 1974-1976**

	Fiscal Years		
	1976	1975	1974
Class			
Total (Individual & Fiduciary)	*\$243	*\$220	\$199
Form 1040 Standard	139	143	120
Nonbusiness, under \$10,000—Itemized	182	172	156
Nonbusiness, \$10,000 under \$50,000	250	230	203
Nonbusiness, \$50,000 and over	631	562	801
Business, under \$10,000	543	472	533
Business, \$10,000 under \$30,000	464	414	476
Business, \$30,000 and over	784	691	916
Total Fiduciary	766	1,396	—
Region			
United States	**\$243	**\$220	\$199
North Atlantic	253	221	226
Mid-Atlantic	235	211	181
Southeast	262	231	208
Central	220	188	181
Midwest	244	212	173
Southwest	246	206	159
Western	228	232	225
International Operations	389	332	355

*Individual by class only for FY 1975 and FY 1976. Individual and Fiduciary are combined for comparison with FY 1974.

**Includes Individual and Fiduciary by regions for comparison with FY 1974.

Table 22.—No Change Percent—Individual and Fiduciary—Returns and Time by Class and Region, FY 1974-1976
Tax Auditors

	Returns			Time		
	FY	FY	FY	FY	FY	FY
	1976	1975	1974	1976	1975	1974
Class						
Total	*23	*24	29	*16	*18	20
Form 1040—Standard	34	33	43	29	32	37
NB under \$10,000—Itemized	20	21	25	15	16	19
NB \$10,000 under \$50,000	23	24	29	16	17	20
NB \$50,000 and over	38	40	39	26	28	28
Business under \$10,000	18	21	21	15	18	17
Business \$10,000 under \$30,000	14	17	16	11	13	13
Business \$30,000 and over	23	27	25	17	20	19
Region						
United States	**23	**24	29	**16	**18	20
North Atlantic	26	26	25	20	20	20
Mid-Atlantic	27	26	33	20	21	24
Southeast	21	22	29	14	17	20
Central	25	22	23	18	16	16
Midwest	19	21	29	13	15	18
Southwest	25	28	41	16	21	27
Western	21	22	26	15	17	19
OIO	26	28	30	18	19	21

*Individual by class for FY 1975 and FY 1976. Individual and Fiduciary are combined for FY 1974.
**Includes individual and Fiduciary by region for comparison with FY 1974.

Table 23.—Corporation Returns—Accomplishments in Relation to Plan FY 1976
Revenue Agents

Region	Planned	Actual	Percent
Direct Examination Time (Days)			
United States	875,360	910,948	104
North Atlantic	208,985	222,677	107
Mid-Atlantic	129,561	129,013	100
Southeast	86,297	91,779	106
Central	100,525	101,155	101
Midwest	130,301	134,246	103
Southwest	97,859	100,913	103
Western	114,505	124,335	109
OIO	7,327	6,833	93
Returns Examined			
United States	165,757	166,709	101
North Atlantic	33,788	36,827	109
Mid-Atlantic	23,841	25,813	108
Southeast	19,735	19,947	101
Central	21,760	22,951	105
Midwest	24,166	20,074	83
Southwest	20,064	17,213	86
Western	21,774	23,010	106
OIO	629	874	139

Table 24.—Revenue Agent Audits of Corporations (Average Hours Per Return)
Corporation Returns by Class and Region FYs 1974-1976

Class	Fiscal Years		
	1976	1975	1974
Total	37.6	38.2	49.1
No Balance Sheet	25.7	25.6	32.3
Under \$50,000	20.0	19.3	13.2
\$50,000 under \$100,000	20.6	19.0	15.9
\$100,000 under \$250,000	20.5	19.3	19.0
\$250,000 under \$500,000	22.2	21.6	22.2
\$500,000 under \$1,000,000	25.1	24.5	26.1
\$1,000,000 under \$5,000,000	36.1	35.4	39.4
\$5,000,000 under \$10,000,000	57.9	60.7	58.0
\$10,000,000 under \$50,000,000	84.9	90.4	91.5
\$50,000,000 under \$100,000,000	162.1	147.0	175.7
\$100,000,000 and over	450.4	478.1	620.7
Region			
United States	37.6	38.2	49.1
North-Atlantic	42.6	49.7	54.6
Mid-Atlantic	34.0	35.4	39.1
Southeast	31.5	30.0	40.0
Central	32.7	36.7	52.2
Midwest	46.2	37.1	50.4
Southwest	38.5	33.7	53.0
Western	35.3	38.6	50.9
International Operations	52.8	65.9	53.0

Table 25.—Revenue Agent Audits of Corporations (Average Dollar
Recommendations Per Return)
Corporation Returns by Class and Region FYs 1974-1976

Class	Fiscal Years		
	1976	1975	1974
Total	\$15,924	\$19,078	\$28,951
No balance Sheet	5,947	13,061	11,545
Under \$50,000	1,832	1,828	1,892
\$50,000 under \$100,000	1,274	1,323	1,596
\$100,000 under \$250,000	1,994	1,821	2,141
\$250,000 under \$500,000	2,489	2,240	2,490
\$500,000 under \$1,000,000	4,351	3,874	3,916
\$1,000,000 under \$5,000,000	8,498	7,395	9,639
\$5,000,000 under \$10,000,000	21,164	20,068	23,859
\$10,000,000 under \$50,000,000	33,006	43,553	39,913
\$50,000,000 under \$100,000,000	77,045	93,628	93,580
\$100,000,000 and over	538,361	622,137	673,198
Region			
United States	\$15,924	\$19,078	\$28,951
North-Atlantic	19,244	25,572	32,614
Mid-Atlantic	12,891	22,863	16,833
Southeast	11,161	14,763	24,949
Central	12,521	20,104	33,046
Midwest	20,178	15,836	33,891
Southwest	18,808	14,188	28,404
Western	15,502	15,983	31,048
International Operations	20,374	40,593	31,654

Table 26.—Examination Time, Returns and Dollars—Corporation—FYs 1974-1976
Revenue Agents

Region	FY 1976	FY 1975	FY 1974
Direct Examination Time (Days)			
United States	910,948	858,435	662,778
North Atlantic	222,677	197,193	160,502
Mid-Atlantic	129,013	127,554	94,151
Southeast	91,779	82,759	60,448
Central	101,155	97,756	79,239
Midwest	134,246	129,662	102,168
Southwest	100,913	87,875	62,065
Western	124,335	127,745	98,831
International Operations	6,833	7,892	5,377
Returns Examined			
United States	166,709	153,240	134,083
North Atlantic	36,827	27,470	34,337
Mid-Atlantic	25,813	24,555	21,012
Southeast	19,947	18,162	13,777
Central	22,951	19,764	14,774
Midwest	20,074	24,038	18,008
Southwest	17,213	16,911	12,565
Western	23,010	21,672	19,115
International Operations	874	668	495
Dollar Recommendations (Millions)			
United States	\$2,654.7	\$2,923.4	\$3,881.9
North Atlantic	708.7	702.5	1,119.9
Mid-Atlantic	332.8	561.4	353.7
Southeast	222.6	268.1	343.7
Central	287.4	397.3	488.2
Midwest	405.0	380.7	610.3
Southwest	323.7	239.9	356.9
Western	356.7	346.4	593.5
International Operations	17.8	27.1	15.7

Note: Dollars may not add due to rounding.

Table 27.—No. Change Percent—Corporation—Returns and Time—by Class and Region—FYs 1974-1976
Revenue Agents

Class	Returns			Time		
	1976	1975	1974	1976	1975	1974
Total	27	28	26	16	16	13
No Balance Sheet	33	31	28	22	20	22
Under \$50,000	33	38	29	27	32	34
\$50,000 under \$100,000	32	34	29	27	31	30
\$100,000 under \$250,000	29	28	28	26	27	27
\$250,000 under \$500,000	28	29	27	26	27	25
\$500,000 under \$1,000,000	24	25	26	22	25	23
\$1,000,000 under \$5,000,000	24	24	24	18	18	19
\$5,000,000 under \$10,000,000	19	19	21	12	12	16
\$10,000,000 under \$50,000,000	16	15	16	8	8	11
\$50,000,000 under \$100,000,000	12	9	10	4	3	6
\$100,000,000 and over	6	5	8	1	2	3
Region						
United States	27	28	26	16	16	13
North-Atlantic	26	26	20	15	14	12
Mid-Atlantic	31	31	25	18	17	15
Southeast	27	27	29	18	18	14
Central	28	32	30	16	16	13
Midwest	22	21	24	12	14	11
Southwest	29	32	32	16	19	12
Western	23	26	27	14	14	15
International Operations	39	41	35	30	25	22

Table 28.—Estate Tax Returns

	Revenue Agents			Tax Auditors		
	FY 1976	FY 1975	FY 1974	FY 1976	FY 1975	FY 1974
Total Examination	39,549	40,591	40,143	8,473	8,357	7,586
Total Direct Examination (Days)	146,057	145,306	141,542	9,903	9,331	8,476
Total Dollar Recommendations (Mils)	\$498.3	\$546.9	\$498.4	\$12.7	\$11.8	\$10.3
Average Hours per Return	29.7	29.9	30.2	8.9	8.0	8.7
Average Dollar Recommendation per return	\$12,599	\$13,472	\$12,415	\$1,496	\$1,408	\$13,353
No Change Percentage	14%	14%	14%	19%	15%	18%

Table 29.—Gift Tax Returns

	Revenue Agents			Tax Auditors		
	FY 1976	FY 1975	FY 1974	FY 1976	FY 1975	FY 1974
Total Examination	10,214	9,955	8,876	2,727	3,118	2,594
Total Direct Examination (Days)	14,280	14,195	12,367	2,090	2,344	2,265
Total Dollar Recommendations (Mils)	\$83.4	\$64.4	\$65.9	\$2.5	\$2.7	\$2.9
Average Hours per Return	10.6	10.4	10.9	5.9	5.7	6.6
Average Dollar Recommendation per Return	\$8,166	\$6,465	\$7,424	\$922	\$860	\$1,118
No Change Percentage	25%	30%	28%	33%	34%	31%

Table 30.—Excise Tax Returns

	Revenue Agents			Tax Auditors		
	FY 1976	FY 1975	FY 1974	FY 1976	FY 1975	FY 1974
Total Examination	79,394	74,493	72,405	12,827	12,774	15,943
Total Direct Examination (Days)	47,336	45,336	43,771	4,703	4,421	4,158
Total Dollar Recommendations (Mils)	\$89.6	\$102.1	\$95.5	\$2.7	\$2.2	\$2.4
Average Hours per Return	4.5	4.6	4.8	1.7	1.6	1.4
Average Dollar Recommendation per Return	\$1,129	\$1,370	\$1,319	\$213	\$171	\$151
No Change Percentage	30%	35%	34%	17%	19%	20%

Table 31.—Employment Tax Returns

	Revenue Agents			Tax Auditors		
	FY 1976	FY 1975	FY 1974	FY 1976	FY 1975	FY 1974
Total Examination	92,054	81,250	60,842	39,816	29,683	15,690
Total Direct Examination (Days)	63,473	58,094	40,669	10,041	8,698	5,716
Total Dollar Recommendations (Mils)	\$147.9	\$185.6	\$99.9	\$16.8	\$12.0	\$8.1
Average Hours per Return	4.7	4.7	5.0	1.5	1.6	1.8
Average Dollar Recommendation per Return	\$1,607	\$2,284	\$1,642	\$422	\$403	\$519
No Change Percentage	14%	14%	18%	5%	7%	8%

Statistical Tables



July 1975 - June 1976

Table 1.—Internal revenue collections by sources and by internal revenue regions, districts, States, and other areas (In thousands of dollars)

Internal revenue regions, districts, States and other areas ¹ (States represented by single districts indicated in parentheses; totals for other States shown at bottom of table)	Total internal revenue collections	Corporation income tax ²	Individual income and employment taxes				Unemployment insurance
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
United States, total	302,519,792	46,782,956	233,171,051	39,046,072	190,906,443	1,656,384	1,562,752
North-Atlantic Region	52,843,652	8,859,493	41,174,897	5,203,510	35,642,362	271,140	271,140
Albany	2,704,660	240,453	2,421,306	292,438	2,128,868	5,472	5,472
Albany (See (c) below)	73,004	17,872	60,130	13,792	46,338	6,310	6,310
Augusta	898,131	131,129	766,999	101,132	665,867	5,105	5,105
Boston (Massachusetts)	5,337,206	452,194	4,885,012	629,186	4,255,826	19,386	19,386
Brooklyn	4,690,144	723,060	3,967,084	519,772	3,447,312	257	257
Buffalo	311,565	28,297	273,423	61,026	212,397	63	63
Burlington	5,622,418	842,765	4,779,653	610,205	4,169,448	9,689	9,689
Hartford	24,205,940	5,400,438	17,894,897	1,448,360	16,446,537	156	156
Manhattan	678,298	55,431	622,867	116,026	506,841	189	189
Portsmouth	1,169,289	146,813	1,022,476	125,465	897,011	7,562	7,562
Providence	42,839,050	5,039,050	37,800,000	5,133,053	32,666,947	190,503	190,503
Mid-Atlantic Region	8,077,159	586,358	6,972,518	945,758	5,926,760	58,712	58,712
Baltimore	10,820,765	1,799,675	9,021,090	1,399,967	7,621,123	50,063	50,063
Baltimore (See (e) below)	1,174,545	169,369	1,005,176	152,809	852,367	147	147
Philadelphia	6,644,348	564,778	6,079,570	790,015	5,289,555	24,065	24,065
Pittsburgh	5,083,650	505,558	4,578,092	673,370	3,904,722	16,184	16,184
Richmond	1,303,904	296,217	1,007,687	113,566	894,121	7,243	7,243
Wilmington	27,559,094	3,464,230	24,094,864	4,881,990	19,212,874	106,730	106,730
Southeast Region	4,554,322	588,385	3,965,937	556,393	3,409,544	215	215
Atlanta	2,736,928	358,113	2,378,815	329,293	2,049,522	13,188	13,188
Birmingham	1,940,381	219,666	1,720,715	249,728	1,470,987	30,865	30,865
Columbia	6,010,066	788,835	5,221,231	668,635	4,552,596	635	635
Greensboro	1,174,545	169,369	1,005,176	152,809	852,367	147	147
Jackson	1,670,672	862,751	787,921	1,931,001	4,242,662	66,139	66,139
Jacksonville	3,589,181	480,112	3,109,069	622,377	2,486,692	93	93
Nashville	44,105,437	5,921,485	38,183,952	4,675,767	33,508,185	223,254	223,254
Central Region	6,016,240	960,347	5,055,893	704,747	4,351,146	41	41
Cincinnati	10,836,727	1,449,893	9,386,834	895,355	8,491,479	21,894	21,894
Cleveland	15,171,014	2,191,435	12,979,579	1,234,408	11,745,171	26,886	26,886
Detroit	6,832,976	594,961	6,238,015	752,127	5,485,888	21,845	21,845
Indianapolis	3,988,013	511,299	3,476,714	557,819	2,918,895	6,982	6,982
Louisville	1,260,466	214,450	1,046,016	144,989	901,027	2,734	2,734
Parkburg	46,807,463	7,034,834	39,772,629	6,218,550	33,554,079	179,815	179,815
Midwest Region	461,097	39,499	421,598	144,989	276,609	768	768
Aberdeen	18,112,973	2,917,981	15,194,992	1,402,458	13,792,534	13,807	13,807
Chicago	2,736,928	358,113	2,378,815	329,293	2,049,522	13,188	13,188
Des Moines	2,736,928	358,113	2,378,815	329,293	2,049,522	13,188	13,188
Fargo	5,340,463	817,050	4,523,413	613,930	3,909,483	1,103	1,103
Milwaukee	2,092,411	318,635	1,773,776	242,817	1,530,959	8,996	8,996
Omaha	7,813,007	1,218,510	6,594,497	844,063	5,750,434	38,148	38,148
St. Louis	6,052,891	798,382	5,254,509	5,002,858	2,050,113	2,114	2,114
St. Paul	3,561,098	498,771	3,062,327	746,585	2,315,742	3,626	3,626
Springfield	32,365,813	4,946,070	27,419,743	5,689,995	21,729,748	148,141	148,141
Southeast Region	750,038	63,465	686,573	151,523	535,050	7,105	7,105
Albuquerque	1,593,151	65,100	1,528,051	149,801	1,378,250	5	5
Austin	9,341,006	39,796	9,301,210	112,229	9,188,981	36,655	36,655
Cheyenne	7,023,540	1,142,623	5,880,917	1,378,627	4,502,290	8,155	8,155
Dallas	3,666,397	366,397	3,300,000	511,766	2,788,234	15,668	15,668
Denver	3,358,618	746,455	2,612,163	333,198	2,278,965	908	908
Little Rock	1,299,026	613,490	685,536	627,398	58,138	15,948	15,948
New Orleans	3,355,391	688,186	2,667,205	526,926	2,140,279	11,973	11,973
Oklahoma City	2,526,473	364,327	2,162,146	570,612	1,591,534	103,756	103,756
Wichita	41,096,376	4,324,419	36,771,957	6,526,105	30,245,852	98,676	98,676
Western Region	56,008	678,146	55,330	78,496	55,251	668	668
Anchorage	749,948	82,595	667,353	157,437	509,916	5,721	5,721
Borise	517,858	38,531	479,327	165,155	314,172	3,333	3,333
Helena	945,899	104,787	841,112	144,220	696,892	4,333	4,333
Honolulu	1,819,430	127,548	1,691,882	2,332,629	10,336,195	692	692
Los Angeles	15,815,678	1,819,430	14,000,000	343,410	13,556,590	269	269
Phoenix	2,463,228	266,445	2,196,783	443,682	1,753,101	1,310	1,310
Portland	693,987	115,587	578,399	443,160	135,239	1,312	1,312
Reno	3,82,188	115,587	2,666,601	154,794	2,511,807	5,723	5,723
Salt Lake City	12,276,318	1,102,458	11,173,860	9,938,959	1,234,901	93,210	93,210
San Francisco	4,115,173	406,286	3,708,887	3,454,791	264,096	781	781
Seattle	1,412,062	143,289	1,268,773	199,289	1,069,484	4,094	4,094
Office of International Operations	431,885	1,014	430,871	16,919	413,952	2,232	2,232
Puerto Rico	960,178	142,275	817,903	182,371	635,532	4,094	4,094
Other	13,601,914	6,993,289	6,608,625	—	6,608,625	135,234	60,568
Undistributed:							
Federal tax deposits ³	556,306	39,697	516,609	516,609	—	—	—
Gasoline lubricating oil, and excess	—	—	—	—	—	—	—
FICA credits ⁴	—	—	—	—	—	—	—
Transferred to Government of Guam	—	—	—	—	—	—	—
Withheld taxes of Federal employees	—	—	—	—	—	—	—
Clearing account for Excise taxes	—	—	—	—	—	—	—
Clearing account for Excise taxes—aviation fuel and oil-Air Force and Navy	—	—	—	—	—	—	—
Presidential Election Fund ⁵	—	—	—	—	—	—	—
Earned Income Credits ⁶	—	—	—	—	—	—	—
Totals for States not shown above	28,091,997	3,021,819	22,690,408	4,155,076	18,302,264	93,902	139,168
(a) California	21,670,752	2,407,752	16,779,923	2,575,719	13,910,219	183,441	103,441
(b) Illinois	6,937,950	6,818,185	26,353,556	3,139,627	24,590,970	34,002	89,549
(c) New York	16,852,967	2,410,230	12,109,863	1,812,231	10,297,632	33,352	89,549
(d) Ohio	16,852,967	2,410,230	12,109,863	1,812,231	10,297,632	33,352	89,549
(e) Pennsylvania	16,852,967	2,410,230	12,109,863	1,812,231	10,297,632	33,352	89,549
(f) Texas	16,852,967	2,410,230	12,109,863	1,812,231	10,297,632	33,352	89,549

Table 1.—Internal revenue collections by sources and by internal revenue regions, districts, States, and other areas—Continued (In thousands of dollars)

Internal revenue regions, districts, States and other areas ¹ (States represented by single districts indicated in parentheses; totals for other States shown at bottom of table)	Estate tax (8)	Gift tax (9)	Excise taxes total (sum of columns 11, 26, 30, 36, 41, and 55) (10)	Total (sum of columns 12, 18 and 22) (11)	Distilled spirits taxes							Other ¹⁴ (19)
					Total (12)	Imported (Collected by Customs) (13)	Domestic ¹¹ (14)	Rectification ¹² (15)	Occupational ¹³ (16)	Other ¹⁴ (17)		
United States, total	4,875,735	431,730	17,257,720	5,427,722	3,919,935	682,794	3,199,044	29,123	8,728	246	1	
North-Atlantic Region	870,464	83,304	1,855,494	548,770	422,082	208,193	211,420	1,118	1,330	1	1	
Albany (See (c) below)	29,472	1,086	12,301	293	89	—	—	—	—	—	—	
Augusta (Maine)	18,110	1,687	11,166	2,911	2,824	—	2,761	—	89	1	—	
Boston (Massachusetts)	122,885	9,411	307,631	168,954	157,007	82,355	73,617	26	37	—	—	
Brooklyn (See (c) below)	218,879	5,773	200,416	38,503	6,045	—	7,817	779	255	—	—	
Buffalo (See (c) below)	77,606	3,940	108,130	45,403	209	—	—	—	—	—	—	
Burlington (Vermont)	5,790	1,156	209	—	—	—	—	—	—	—	—	
Hartford (Connecticut)	116,607	10,339	344,929	126,372	125,631	—	125,956	167	22	—	—	
Manhattan (See (c) below)	429,256	47,942	824,406	18,753	126,088	—	298	167	22	—	—	
Portsmouth (New Hampshire)	18,465	1,214	24,392	18,753	126,088	125,838	(1)	250	(1)	—	—	
Providence (Rhode Island)	24,395	756	19,024	9,796	55	—	—	20	(1)	—	—	
Mid-Atlantic Region	574,565	43,736	2,754,853	886,289	799,967	63,213	722,249	13,243	1,148	117	9	
Baltimore (Maryland & D.C.)	122,188	10,849	430,236	292,246	265,983	63,213	249,955	2,631	176	—	—	
Newark (New Jersey)	138,469	10,520	557,009	224,533	255,033	—	1,685	393	8	—	—	
Philadelphia (See (e) below)	140,896	9,510	495,000	319,781	252,033	—	249,955	2,631	176	—	—	
Pittsburgh (See (e) below)	66,912	5,329	405,333	104,326	172,791	—	168,081	4,368	318	—	—	
Richmond (Virginia)	82,037	5,074	602,209	87,918	21,206	—	8,241	4,451	171	77	—	
Wilmington (Delaware)	22,063	2,443	65,066	37	35	—	108	57	30	6	—	
Southeast Region	602,816	52,342	2,265,580	313,521	114,359	48,748	62,813	1,923	690	123	17	
Atlanta (Georgia)	64,798	6,602	331,361	47,119	3,158	3,013	11,207	53	120	83	10	
Birmingham (Alabama)	45,062	3,866	144,434	34,459	27,590	—	63	39	14	10	17	
Columbia (South Carolina)	34,499	1,830	27,590	3,158	3,013	2,942	17	38	30	18	13	
Greensboro (North Carolina)	76,303	5,044	1,387,559	51,917	83	—	2	—	—	—	—	
Jackson (Mississippi)	29,992	4,937	20,784	83	67	—	19	23	24	16	—	
Jacksonville (Florida)	293,874	24,505	308,497	169	87	—	—	—	—	—	—	
Nashville (Tennessee)	58,267	5,557	145,054	97,056	48,779	45,807	2,912	1,870	290	11	—	
Central Region	1,022,778	47,392	3,414,427	1,571,908	1,435,865	196,398	1,230,181	1,251	8,009	1,281	23	
Cincinnati (See (d) below)	802,279	7,180	3,204,472	266,883	186,453	—	185,153	1,194	188	—	—	
Cleveland (See (d) below)	104,037	9,982	780,125	61,357	186,453	—	11,972	610	257	—	—	
Detroit (Michigan)	141,079	10,960	607,683	302,474	286,164	34,720	123,418	1,994	289	25	—	
Indianapolis (Indiana)	97,722	7,171	387,972	258,113	247,233	—	243,090	3,675	269	103	—	
Indianapolis (Kentucky)	42,894	2,330	1,312,510	676,633	661,877	—	660,205	1,589	103	—	—	
Jacksonville (West Virginia)	54,914	1,275	25,516	6,449	6,380	—	6,344	37	—	—	—	
Parkersburg	748,400	67,270	2,307,798	809,331	439,215	53,599	380,645	3,070	1,887	15	—	
Midwest Region	1,912,762	87,733	9,473	178,143	170,522	36,546	130,872	482	562	—	—	
Chicago (See (b) below)	1,476,274	27,535	886,761	178,143	170,522	36,546	130,872	482	562	—	—	
Des Moines (Iowa)	217,388	6,002	422,082	1,196	507	—	366	—	120	15	—	
Des Moines (North Dakota)	16,100	1,443	12,064	54	52	—	366	—	120	15	—	
Lincoln (Nebraska)	95,916	4,247	335,260	217,199	8,208	3,726	3,938	29	51	—	—	
Omaha (Nebraska)	56,917	1,490	35,397	5,642	5,642	—	—	—	—	—	—	
St. Paul (Missouri)	110,912	8,815	496,688	141,677	57,394	—	47,840	770	266	—	—	
Springfield (Missouri)	93,931	5,702	170,600	50,386	19,202	8,507	47,840	770	266	—	—	
St. Louis (Missouri)	95,916	1,641	273,290	214,968	83,942	—	181,372	1,666	175	—	—	
St. Paul (See (b) below)	93,931	5,702	170,600	50,386	19,202	2,707	25,434	5	1,071	—	—	
Albuquerque Region	621,719	79,539	2,205,590	291,637	33,942	—	—	—	—	—	—	
Austin (New Mexico)	206,074	24,173	70,102	1,946	1,892	37,434	25,434	5	1,071	—	—	
Austin (See (f) below)	65,908	8,805	965,909	73,257	28,305	24,619	3,451	—	—	—	—	
Cheyenne (Wyoming)	9,464	855	27,648	62,133	195	—	—	—	—	—	—	
Dallas (See (f) below)	3,135	26,631	454,588	82,133	195	—	—	—	—	—	—	
Denver (Colorado)	3,135	26,631	454,588	82,133	195	—	—	—	—	—	—	
Little Rock (Arkansas)	25,015	3,061	56,273	112,526	146	—	—	—	—	—	—	
New Orleans (Louisiana)	58,448	2,938	15,084	4,362	1,992	—	—	—	—	—	—	
Oklahoma City (Oklahoma)	28,585	5,636	82,442	40,678	33,047	12,614	3	4	80	—	—	
Omaha (Kansas)	60,297	4,275	374,652	186	55	—	—	—	—	—	—	
Western Region	63,422	9,014	83,346	186	55	—	—	—	—	—	—	
Anchorage (Alaska)	938,758	57,063	1,991,683	776,556	517,875	75,208	152	1,736	1,352	—	—	
Boston (Idaho)	13,436	1,186	7,303	39	35	—	439,571	—	—	—	—	
Boston (Montana)	14,520	1,270	7,703	2,191	2,187	4	2,099	4	35	—	—	
Honolulu (Hawaii)	14,520	1,270	7,703	2,191	2,187	4	2,099	4	35	—	—	
Los Angeles (See (a) below)	384,014	16,950	54,602	21,011	2,279	2,129	93	34	60	—	—	
Phoenix (Arizona)	45,548	2,938	15,084	4,362	1,992	32,663	105,297	149	419	—	—	
Portland (Oregon)	4,825	4,825	54,602	21,011	2,279	2,129	93	34	60	—	—	
Reno (Nevada)	19,674	4,559	11,461	21,481	14,351	1,144	13,133	24	119	—	—	
Salt Lake City (Utah)	10,039	2,257	11,675	29	—	—	—	—	—	—	—	
San Francisco (See (a) below)	313,020	15,586	905,484	49,922	34,252	28,395	313,905	1,532	40	—	—	
Seattle (Washington)	72,702	5,406	905,484	49,922	34,252	28,395	313,905	1,532	40	—	—	
Office of International Operations	17,737	1,095	148,745	126,698	14,171	8,993	5,050	24	184	—	—	
Puerto Rico	74	54	140,243	126,698	126,698	—	126,698	20	(1)	—	—	
Other	15,143	1,021	6,502	(1)	(1)	—	126,698	20	(1)	—	—	
Federal tax deposits ²	—	—	—	—	—	—	—	—	—	—	—	
FICA credits ³	—	—	—	—	—	—	—	—	—	—	—	
Gasoline lubricating oil, and excess	—	—	—	343,776	—	—	—	—	—	—	—	
Transferred to Government of Guam	—	—	—	—	—	—	—	—	—	—	—	
Withheld taxes of Federal employees	—	—	—	—	—	—	—	—	—	—	—	
Clearing account for Excise taxes—aviation fuel and oil-air Force and Navy	—	—	—	—	—	—	—	—	—	—	—	
Presidential Election Fund ⁴	—	—	—	—	—	—	—	—	—	—	—	
Earned Income Credit	—	—	—	—	—	—	—	—	—	—	—	

Table 1.—Internal revenue collections by sources and by internal revenue regions, districts, States, and other areas — Continued (In thousands of dollars)

Internal revenue regions, districts, States and other areas ¹ (States represented by single districts indicated in parentheses; totals for other States shown at bottom of table)	Alcohol taxes—Continued					Beer taxes				
	Wines, cordials, etc., taxes					Beer taxes				
	Total	Imported (Collected by Customs)	Domestic ¹¹	Occupational taxes ¹²	Total	Imported (Collected by Customs)	Domestic ¹¹	Occupational taxes ¹²	Total	Imported (Collected by Customs)
	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)		
United States, total	175,482	21,546	150,276	3,660	1,332,304	16,280	1,313,706	2,318		
North-Atlantic Region	31,995	9,175	22,668	152	95,713	9,264	86,165	285		
Albany (See (c) below)	164	—	37	27	24	—	—	24		
Augusta (Maine)	—	—	—	—	5,576	—	—	5		
Boston (Massachusetts)	2,216	2,055	136	25	9,731	4,150	26,761	79		
Brooklyn (See (c) below)	3,518	—	3,501	18	26,840	—	26,821	57		
Buffalo (See (c) below)	18,315	—	18,296	20	26,879	—	—	1		
Burlington (Vermont)	22	—	1	22	468	—	447	20		
Hartford (Connecticut)	73	—	64	8	5,172	5,114	16,823	58		
Hartford (See (c) below)	7,480	7,121	343	16	16,841	—	9,737	236		
Manhattan (New Hampshire)	20	—	16	4	9,738	—	—	—		
Providence (Rhode Island)	4	—	—	—	—	—	—	—		
Mid-Atlantic Region	10,134	3,122	6,302	710	176,187	1,093	174,852	236		
Baltimore (Maryland & D.C.)	3,202	3,122	49	31	23,061	1,093	21,946	22		
Newark (New Jersey)	3,941	—	1,306	17	50,418	—	50,350	31		
Philadelphia (See (e) below)	1,324	—	—	—	16,389	—	16,339	49		
Pittsburgh (See (e) below)	19	—	12	—	22,513	—	22,449	64		
Richmond (Virginia)	1,647	—	1,562	85	—	—	—	—		
Wilmington (Delaware)	—	—	—	—	—	—	—	—		
Southeast Region	3,543	1,810	1,046	687	185,620	813	194,356	451		
Atlanta (Georgia)	602	—	471	131	35,120	—	—	47		
Birmingham (Alabama)	56	—	—	—	89	27	—	62		
Columbia (South Carolina)	517	—	415	102	35	—	51,608	35		
Greensboro (North Carolina)	157	—	—	—	2	80	—	80		
Jackson (Mississippi)	2,206	1,776	159	271	60,342	786	59,493	63		
Jacksonville (Florida)	7,123	1,833	4,732	556	48,271	—	48,182	34		
Nashville (Tennessee)	3,788	—	3,643	145	128,922	1,072	127,685	164		
Central Region	1,299	918	245	137	76,642	—	76,629	13		
Cincinnati (See (d) below)	1,336	915	638	183	14,373	1,054	13,309	12		
Cleveland (See (d) below)	3	—	6	—	10,787	—	10,765	23		
Detroit (Michigan)	3	—	—	—	14,752	—	14,713	40		
Indianapolis (Indiana)	3	—	—	—	66	—	—	66		
Kentucky (Kentucky)	3	—	—	—	—	—	—	—		
Parkersburg (West Virginia)	6,763	2,244	4,444	75	363,354	662	362,363	328		
Midwest Region	4,809	1,534	3,252	23	2,812	413	2,380	16		
Aberdeen (South Dakota)	4	—	—	—	8	—	—	8		
Chicago (See (b) below)	4	2	—	—	208,718	236	208,406	73		
Des Moines (Iowa)	277	248	13	17	5,549	—	5,537	13		
Fargo (North Dakota)	1,383	227	1,150	7	82,910	2	82,831	76		
Milwaukee (Wisconsin)	240	234	—	6	30,944	8	30,861	75		
Omaha (Nebraska)	12	—	2	10	31,743	691	31,733	10		
St. Louis (Missouri)	2,062	871	449	742	228,633	691	224,263	678		
Springfield (See (b) below)	1	—	—	—	51	—	—	51		
Southeast Region	1,045	677	—	367	43,918	605	43,080	232		
Albuquerque (New Mexico)	2	—	—	—	6	—	—	6		
Austin (See (f) below)	2	—	—	—	61,520	—	61,520	103		
Cheyenne (Wyoming)	314	—	—	314	61,624	—	61,624	177		
Denver (See (f) below)	459	—	447	13	112,371	—	112,336	35		
Little Rock (Arkansas)	206	194	2	11	7,425	86	7,275	64		
New Orleans (Louisiana)	5	—	—	—	126	—	—	125		
Oklahoma City (Oklahoma)	20	—	—	20	84	—	—	84		
Wichita (Kansas)	113,845	2,491	110,616	738	146,847	2,684	143,966	177		
Western Region	32	—	—	32	17	—	—	17		
Anchorage (Alaska)	6	—	—	6	18	—	—	16		
Boise (Idaho)	6	—	—	6	1,149	—	1,149	1		
Helena (Montana)	6	—	—	6	1,149	—	1,149	1		
Honolulu (Hawaii)	6,165	1,047	4,924	194	72,322	1,717	70,556	49		
Los Angeles (See (a) below)	53	—	—	53	2,317	84	2,221	12		
Phoenix (Arizona)	218	102	32	6	6,912	21	6,885	5		
Portland (Oregon)	1	—	—	1	—	—	—	—		
Reno (Nevada)	1	—	—	1	19	—	—	19		
Salt Lake City (Utah)	106,589	1,053	105,296	240	9,029	560	8,427	42		
San Francisco (See (a) below)	697	216	—	383	55,060	125	54,924	11		
Seattle (Washington)	19	—	—	19	30	—	30	30		
Office of International Operations	19	—	—	19	—	—	—	—		
Puerto Rico	—	—	—	—	—	—	—	—		
Other	—	—	—	—	—	—	—	—		
Undistributed:										
Federal tax deposits ⁷										
FICA credits ⁸										
Gasoline lubricating oil, and excess										
Transferred to Government of Guam										
Withheld taxes of Federal employees										
Clearing account for Excise taxes—										
aviation fuel and oil—Air Force and										
Navy										
Presidential Election Fund ⁹										
Earned Income Credits ¹⁰										
Totals for States not shown above	112,755	2,100	110,221	434	81,351	2,277	78,983	91		
(a) California	4,821	1,534	3,253	34	34,555	413	34,113	28		
(b) Illinois	29,586	7,121	22,414	62	54,911	5,114	53,562	215		
(c) New York	5,088	918	3,888	282	88,942	18	88,898	25		
(d) Ohio	1,343	—	1,318	25	66,807	—	66,689	118		
(e) Pennsylvania	1,359	677	1	682	105,541	605	104,600	336		
(f) Texas	—	—	—	—	—	—	—	—		

Table 1.—Internal revenue collections by sources and by internal revenue regions, districts, States, and other areas — Continued (In thousands of dollars)

Internal revenue regions, districts, States and other areas ¹ (States represented by single districts indicated in parentheses; totals for other States shown at bottom of table)	Tobacco taxes			
	Total (26)	Cigarettes (27)	Cigars (28)	Other ¹³ (29)
	(26)	(27)	(28)	(29)
United States, total	2,487,894	2,434,831	49,812	3,252
North-Atlantic Region	1,395	198	361	1,428
Albany (See (c) below)	82	—	—	18
Boston (Massachusetts)	266	—	—	265
Brooklyn (See (c) below)	13	—	—	14
Buffalo (See (c) below)	5	—	—	—
Burlington (Vermont)	5	—	—	—
Hartford (Connecticut)	262	—	—	—
Providence (See (c) below)	1,351	178	262	19
Portsmouth (New Hampshire)	—	—	—	—
Manhattan (Rhode Island)	—	—	—	—
Mid-Atlantic Region	699,340	680,498	18,538	304
Baltimore (Maryland & D.C.)	120	—	—	119
Philadelphia (New Jersey)	490	354	—	123
Pittsburgh (See (e) below)	18,483	—	18,482	—
Richmond (See (e) below)	3	—	—	—
Wilmington (Virginia)	680,244	680,144	3	61
Southeast Region	1,255,046	1,240,487	13,285	1,274
Atlanta (Georgia)	1,313	1	1,312	—
Birmingham (Alabama)	2,351	—	2,351	—
Columbia (South Carolina)	—	—	—	—
Greensboro (North Carolina)	—	—	—	—
Jackson (Mississippi)	1,242,433	1,240,483	1,464	466
Jacksonville (Florida)	—	—	—	—
Nashville (Tennessee)	3,930	3	8,133	254
Central Region	517,608	513,537	4,634	564
Cincinnati (See (d) below)	—	—	—	—
Cleveland (See (d) below)	653	—	649	38
Detroit (Michigan)	442	—	442	33
Indianapolis (Indiana)	516,221	513,537	2,711	—
Louisville (Kentucky)	231	—	231	—
Parkersburg (West Virginia)	80	—	80	70
Aberdeen (South Dakota)	72	—	72	—
Chicago (See (b) below)	—	—	—	—
Des Moines (Iowa)	—	—	—	—
Fargo (North Dakota)	—	—	—	—
Milwaukee (Wisconsin)	—	—	—	—
Omaha (Nebraska)	—	—	—	—
St. Louis (Missouri)	—	—	—	—
Springfield (See (b) below)	—	—	—	—
Southeast Region	278	1	244	32
Albuquerque (New Mexico)	—	—	—	—
Austin (See (f) below)	275	—	244	29
Cheyenne (Wyoming)	—	—	—	—
Denver (See (f) below)	—	—	—	—
Little Rock (Colorado)	—	—	—	—
New Orleans (Arkansas)	—	—	—	—
Oklahoma City (Louisiana)	—	—	—	—
Wichita (Oklahoma)	—	—	—	—
Western Region	130	—	31	98
Anchorage (Alaska)	—	—	—	—
Boise (Idaho)	—	—	—	—
Helena (Montana)	—	—	—	—
Honolulu (Hawaii)	—	—	—	—
Los Angeles (See (a) below)	—	—	—	—
Phoenix (Arizona)	104	—	29	74
Portland (Oregon)	—	—	—	—
Reno (Nevada)	—	—	—	—
Salt Lake City (Utah)	—	—	—	—
San Francisco (See (a) below)	19	—	—	—
Seattle (Washington)	13,418	108	13,310	4
Office of International Operations	13,418	108	13,310	—
Puerto Rico	—	—	—	—
Other	—	—	—	—
Undistributed:				
Federal tax deposits ⁷				
Gasoline lubricating oil, and excess FICA credits ⁸				
Transferred to Government of Guam				
Withheld taxes of Federal employees				
Clearing account for Excise taxes—				
aviation fuel and oil—Air Force and				
Navy				
Presidential Election Fund ⁹				
Earned Income Credits ¹⁰				
Totals for States not shown above	123	—	30	83
(a) California	72	—	2	—
(b) Illinois	1,467	198	98	1,171
(c) New York	653	—	649	4
(d) Ohio	18,486	—	18,486	—
(e) Pennsylvania	275	—	244	—
(f) Texas	—	—	—	—

Table 1.—Internal revenue collections by sources and by internal revenue regions, districts, States, and other areas—Continued
(In thousands of dollars)

Internal revenue regions, districts, States and other areas (States represented by single districts indicated in parentheses; totals for other States shown at bottom of table)	Manufacturer's excise taxes					Retailer's excise taxes				
	Total	Gasoline	Lubricating oil, etc.	Tires (wholly or in part of rubber), inner tubes, and tread rubber	Motor vehicle chassis bodies, parts and accessories	Other ¹²	Total	Non-commercial aviation fuel gasoline	Non-commercial aviation fuel other than gasoline	Non-commercial aviation fuel
	(30)	(31)	(32)	(33)	(34)	(35)	(36)	(37)	(38)	(39)
United States, total	5,486,106	4,125,674	92,851	730,117	445,910	91,554	417,250	10,295	27,814	27,814
North-Atlantic Region	372,268	141,063	698	165,241	10,934	54,392	20,011	563	2,752	2,752
Albany	3,990	3,480	—	585	27	174	1,373	42	132	132
Albany (See (c) below)	4,767	4,062	—	891	97	3	1,430	33	75	75
Augusta	50,565	43,808	212	86	977	4,687	3,373	96	92	92
Boston	36,497	9,977	—	24,727	1,549	191	1,429	54	106	106
Brooklyn	46,043	22,001	35	19,973	2,169	1,865	5,021	142	810	810
Buffalo	1,512	1,284	—	57	32	138	633	19	18	18
Burlington	164,137	14,390	35	112,069	2,407	35,236	2,885	110	522	522
Hartford	47,394	32,927	360	6,452	3,024	4,021	2,317	48	706	706
Manhattan	14,438	1,849	—	79	1,331	972	22	51	229	229
Portsmouth	13,925	7,206	—	213	362	6,144	573	18	13	13
Providence	77,872	53,355	18,114	74,248	47,221	5,233	48,370	730	4,612	4,612
Mid-Atlantic Region	72,986	30,685	248	39,977	1,102	76	3,664	78	140	140
Baltimore	76,323	58,769	3,356	6,391	4,394	3,413	7,846	213	1,825	1,825
Newark	218,375	153,274	4,948	22,893	36,298	962	11,297	209	1,171	1,171
Philadelphia	46,001	39,994	4	4,323	5,038	112	18,279	142	569	569
Pittsburgh	22,503	20,222	—	654	975	652	5,880	142	73	73
Richmond	1,064	202	183	525	2,021	2,386	10,175	123	355	355
Wilmington	164,256	130,607	608	14,848	14,975	3,226	48,439	1,798	3,093	3,093
Southeast Region	26,719	21,397	97	1,139	4,314	32	7,022	230	540	540
Atlanta	19,035	13,883	9	2,146	2,754	250	5,335	145	295	295
Birmingham	18,125	17,080	12	261	373	363	3,363	167	226	226
Columbia	14,048	8,892	3	2,658	3,342	4	8,967	936	491	491
Greensboro	14,757	9,644	183	7,766	3,67	21	264	146	125	125
Jackson	25,313	22,715	301	340	1,805	152	10,313	1,027	2,181	2,181
Jacksonville	1,019,482	383,044	5,797	438,670	189,464	2,507	49,243	1,44	45	45
Nashville	20,265	15,427	29	2,225	2,003	71	3,356	144	65	65
Central Region	630,973	164,913	2,269	436,589	26,411	761	15,898	207	258	258
Cincinnati	215,785	68,256	319	1,454	147,481	1,283	9,536	284	58	58
Cleveland	46,006	34,569	184	244	10,685	344	10,881	228	491	491
Detroit	102,785	97,054	3,074	1,339	2,309	19	7,478	98	230	230
Indianapolis	102,785	97,054	3,074	1,339	2,309	19	7,478	98	230	230
Louisville	3,659	2,825	32	217	575	10	2,194	65	122	122
Parkersburg	681,693	542,917	9,986	12,842	102,004	14,144	67,561	1,268	3,883	3,883
Midwest Region	5,833	4,416	9	1,416	1,396	11	1,849	55	48	48
Aberdeen	397,514	306,682	7,258	4,253	73,805	5,515	24,673	211	630	630
Chicago	29,507	18,758	169	5,819	4,477	145	16,460	368	46	46
Des Moines	72,467	63,511	167	7,422	988	6,794	141	70	72	72
Fargo	7,997	6,677	349	27	769	191	3,781	115	218	218
Milwaukee	71,462	62,486	1,066	2,188	449	10,382	204	1,111	436	436
Omaha	55,506	45,939	396	1,110	2,232	6,294	6,554	177	535	535
St. Louis	33,873	30,616	3	33	2,782	238	5,175	123	135	135
Springfield	1,906,824	1,831,133	44,677	5,952	21,784	3,278	111,022	2,489	8,271	8,271
Southwest Region	9,568	7,766	10	42	1,768	1	4,508	144	116	116
Albuquerque	1,044,650	1,007,295	29,358	3,581	4,327	90	41,733	850	3,754	3,754
Austin	23,192	23,139	3	12	34	4	2,732	90	1,069	1,069
Cheyenne	313,151	286,987	7,419	1,073	5,102	569	24,622	516	1,387	1,387
Dallas	36,311	32,370	6	373	2,426	1,135	3,715	222	59	59
Denver	43,110	39,533	331	73	2,982	1,082	5,889	176	224	224
Little Rock	26,966	25,010	426	199	1,127	203	5,371	282	702	702
New Orleans	354,630	343,714	6,043	520	3,604	149	15,491	159	1,372	1,372
Oklahoma City	55,306	52,888	460	79	1,812	45	7,191	249	3,915	3,915
Wichita	663,481	564,818	12,971	10,507	58,814	8,772	72,556	2,402	3,973	3,973
Western Region	812	2,257	8	13	564	1	1,093	161	85	85
Anchorage	2,740	2,257	—	146	161	175	2,458	88	120	120
Boise	1,372	1,192	—	55	98	26	1,963	87	82	82
Helena	341	20	—	235	56	29	328	28	634	634
Honolulu	1,305	948	—	218	128	11	6,050	208	1,153	1,153
Los Angeles	207,840	174,838	3,948	14,109	10,655	3,990	17,589	608	28	28
Phoenix	32,093	16,515	65	636	13,708	1,169	4,784	163	46	46
Portland	2,159	2,099	—	31	28	—	1,702	53	46	46
Reno	5,479	2,334	9	1	385	2,590	4,051	95	14	14
Salt Lake City	371,651	355,894	8,919	2,635	4,009	194	28,727	695	107	107
San Francisco	38,091	8,513	39	259	28,699	580	3,514	167	10	10
Seattle	29	—	—	13	14	2	109	—	—	—
Office of International Operations	29	(1)	—	—	—	—	—	—	—	—
Undistributed:	29	(1)	—	—	—	—	—	—	—	—
Federal tax deposits ¹	—	—	—	—	—	—	—	—	—	—
Gasoline lubricating oil, and excess FICA credits ²	—	—	—	—	—	—	—	—	—	—
Transferred to Government of Guam	—	—	—	—	—	—	—	—	—	—
Withheld taxes of Federal employees	—	—	—	—	—	—	—	—	—	—
Clearing account for Excise taxes—aviation fuel and oil—Air Force and Navy	—	—	—	—	—	—	—	—	—	—
Presidential Election Fund ³	—	—	—	—	—	—	—	—	—	—
Earned Income Credits ⁴	—	—	—	—	—	—	—	—	—	—
Totals for States not shown above	579,490	530,731	12,867	16,744	14,964	4,185	46,316	1,329	1,885	1,885
(a) California	431,387	337,299	7,262	4,266	7,768	5,753	29,948	334	1,155	1,155
(b) Illinois	63,324	63,384	451	51,258	6,979	6,851	10,145	285	179	179
(c) New York	651,238	180,340	2,308	438,324	28,414	852	19,254	381	6,067	6,067
(d) Ohio	505,893	421,756	14,511	27,217	41,336	1,074	29,578	263	545	545
(e) Pennsylvania	1,357,801	1,306,282	36,776	4,654	9,429	659	66,325	1,165	1,174	1,174
(f) Texas	—	—	—	—	—	—	—	—	—	—

Table 1.—Internal revenue collections by sources and by internal revenue regions, districts, States, and other areas—Continued
(In thousands of dollars)

Internal revenue regions, districts, States and other areas (States represented by single districts indicated in parentheses; totals for other States shown at bottom of table)	Retailer's excise taxes				Miscellaneous excise taxes					
	Continued			Total (41)	Telephone and teletype writer services (42)	Transportation of persons by air (43)	Use of inter-air travel facilities (44)	Transportation of property by air (45)	Sugar (46)	
	Diesel and special motor fuels (39)	Other ¹² (40)								
United States, total	379,125	15	3,095,228	1,837,362	793,597	53,979	22,881	45,400	28,820	
North-Atlantic Region	16,676	1	619,765	318,449	204,469	23,881	52,979	45,400	28,820	
Albany (See (c) below)	1,205	—	4,390	2,869	—	—	—	8,422	8,572	
Augusta (Maine)	1,205	—	1,720	459	145	(¹)	—	—	—	
Brooklyn (Massachusetts)	3,185	—	56,834	59,634	757	(¹)	—	—	—	
Buffalo (See (c) below)	1,269	—	126,863	108,562	6,870	(¹)	—	2	479	
Burlington (Vermont)	4,069	—	54,465	49,958	38	6,870	—	6,195	26	
Hartford (Connecticut)	598	—	13,195	8,870	272	(¹)	—	34	2	
Manhattan (See (c) below)	2,253	—	54,485	49,958	38	—	—	6,195	26	
Portsmouth (New Hampshire)	1,563	—	349,785	193,756	145	5	—	135	135	
Providence (Rhode Island)	898	—	1,067	298	15	—	17,006	2,141	8,059	
Mid-Atlantic Region	315	—	315	298	15	—	—	2,141	8,059	
Baltimore (Florida)	43,028	—	732	3	142	—	—	—	—	
Newark (New Jersey & D.C.)	3,446	—	316,065	258,343	15,045	340	—	13	1	
Philadelphia (See (c) below)	9,171	—	84,124	42,016	14,346	280	—	63	1,900	
Pittsburgh (See (e) below)	11,048	—	91,171	80,906	14,346	280	—	398	—	
Richmond (Virginia)	16,899	—	96,653	84,810	195	45	—	32	752	
Wilmington (Delaware)	5,698	—	19,883	15,558	69	4	—	1,115	—	
Southeast Region	660	—	46,273	40,951	69	4	—	35	3	
Atlanta (Georgia)	43,549	—	2,160	1	19	—	—	38	25	
Birmingham (Alabama)	6,253	—	505,917	300,310	151,779	3,663	—	63	2	
Columbia (South Carolina)	4,895	—	252,210	132,530	108,436	1,241	—	4,638	2,852	
Greensboro (North Carolina)	2,970	—	115,973	110,299	23	—	—	932	1,641	
Jackson (Mississippi)	8,075	—	5,231	2,349	154	—	—	(¹)	990	
Jacksonville (Tennessee)	2,095	—	40,946	25,760	8769	—	—	3	3	
Nashville (Florida)	8,718	—	2,973	494	42	31	—	338	3	
Central Region	5,643	—	57,302	26,268	18,330	1,902	—	63	213	
Cincinnati (See (d) below)	48,028	—	30,681	5,611	18,025	489	—	82	2	
Cleveland (See (d) below)	2,786	—	244,744	199,203	1,482	2	—	2,344	2	
Detroit (Michigan)	15,432	—	29,421	22,162	1,482	2	—	816	1,120	
Indianapolis (Indiana)	8,753	—	71,945	60,920	430	38	—	19	470	
Louisville (Kentucky)	9,961	—	80,459	66,525	214	(¹)	—	320	67	
Parkersburg (West Virginia)	7,149	—	44,035	35,560	125	19	—	463	520	
Midwest Region	1,947	—	8,713	5,516	83	3	—	19	3	
Aberdeen (South Dakota)	62,350	—	10,173	8,519	20	—	—	6	1	
Chicago (See (b) below)	1,747	—	726,842	364,025	273,773	11,999	—	18,199	2,254	
Des Moines (Iowa)	20,832	—	1,862	75	76	—	—	1	1	
Fargo (North Dakota)	6,646	—	245,024	75,558	139,721	5,923	—	5,833	367	
Milwaukee (Wisconsin)	1,027	—	10,530	5,738	79	—	—	41	73	
Omaha (Nebraska)	6,247	—	2,302	269	66	—	—	—	—	
St. Louis (Missouri)	3,336	—	37,094	26,122	700	3	—	151	3	
St. Paul (Minnesota)	5,941	—	64,513	61,716	101	—	—	116	3	
Southwest Region	5,527	—	289,578	177,562	91	24	—	2,563	2	
Albuquerque (See (d) below)	100,260	—	59,659	3,511	41,743	2,563	—	10,230	5	
Austin (New Mexico)	4,248	—	226,230	109,386	227	4	—	1,841	1,131	
Cheyenne (Wyoming)	37,320	—	1,350	220	82	1,762	—	2,390	6,670	
Dallas (See (f) below)	2,043	—	35,178	23,931	57	—	—	1,236	27	
Denver (Colorado)	23,037	—	1,032	152	14,868	341	—	523	1,174	
Little Rock (Arkansas)	2,894	—	94,731	19,488	28,990	1,279	—	1	1	
New Orleans (Louisiana)	5,275	—	5,724	24,282	12,942	71	—	364	3,562	
Oklahoma City (Oklahoma)	1,367	—	9,687	2,344	977	85	—	5	1,861	
Wichita (Kansas)	13,960	—	6,554	778	561	—	—	64	1	
Western Region	67,124	15	7,177	7,068	68	—	—	64	1	
Anchorage (Alaska)	837	—	407,129	287,599	84,652	8,627	—	10,377	5,069	
Boise (Idaho)	2,619	—	11,408	7,566	3,674	1	163	—	—	
Helena (Montana)	1,791	—	2,030	229	—	—	—	2,732	—	
Honolulu (Hawaii)	1,875	—	1,875	512	—	—	—	—	—	
Los Angeles (See (a) below)	279	—	11,906	512	111	(¹)	—	(¹)	(²)	
Phoenix (Arizona)	5,597	—	14,164	67,743	70,393	99	—	278	2	
Portland (Oregon)	4,378	—	2,436	168	61	5,580	—	8,464	5	
Reno (Nevada)	1,602	—	1,853	236	—	—	—	219	9	
San Francisco (Utah)	3,811	—	6,191	103	26	—	—	11	5	
Seattle (See (e) below)	27,325	—	155	74	3,492	2,086	—	39	2,955	
Office of International Operations	108	—	62,380	52,842	2,775	999	2,128	2,115	2	
Puerto Rico (Washington)	—	—	8,538	47	5,002	2,350	155	2	362	
Other	—	—	376	—	(¹)	4	—	—	—	
Unidentified:	108	—	8,160	47	5,002	2,346	—	362	—	
Federal tax depositors ¹³	—	—	—	—	—	—	—	—	—	
Gasoline lubricating oil, and excess FICA credits ¹⁴	—	—	—	—	—	—	—	—	—	
Transferred to Government of Guam	—	—	—	—	—	—	—	—	—	
Withheld taxes of Federal employees	—	—	—	—	—	—	—	—	—	
Cleaving account for Excise taxes—aviation fuel and oil—Air Force and Navy	—	—	—	—	—	—	—	—	—	
President's Election Fund¹⁵	—	—	—	—	—	—	—	—	—	
Earned Income Credits¹⁶	—	—	—	—	—	—	—	—	—	
Totals for States not shown above										
(a) California	43,122	—	336,367	221,162	73,875	7,668	9,976	2,120	—	
(b) Illinois	26,359	—	261,302	87,664	139,948	6,927	5,938	820	—	
(c) New York	8,105	—	494,233	207,927	203,365	23,875	8,374	8,087	—	
(d) Ohio	—	—	101,366	83,083	—	—	15	326	545	
(e) Pennsylvania	27,947	—	112,336	94,468	342	9	140	1,119	—	
(f) Texas	60,357	—	95,251	21,419	43,857	1,620	1,759	—	—	

Table 1.—Internal revenue collections by sources and by internal revenue regions, districts, States, and other areas—Continued
(In thousands of dollars)

Internal revenue regions, districts, States and other areas ¹ (States represented by single districts indicated in parentheses; totals for other States shown at bottom of table)		Narcotics and marihuana including occupational taxes (47)	Coin-operated gaming devices (48)	Occupational (49)	Wagers (50)	Use tax on highway motor vehicles (51)	Use tax on civil aircraft (52)	Private foundations net investment income (53)	Other ¹² (54)	Unclassified excise tax (55)
United States, total		103	6,187	965	4,962	212,793	21,188	59,538	31,334	343,518
North-Atlantic Region		27	16	14	574	16,741	4,496	20,441	11,642	291,885
Albany (See (c) below)		—	—	—	—	1,177	48	158	53	2,167
Augusta (Maine)		—	—	—	—	992	23	62	35	1,338
Boston (Massachusetts)		26	15	5	326	3,635	84	1,231	619	17,839
Brooklyn (See (c) below)		—	—	—	—	2,066	77	161	419	2,906
Buffalo (See (c) below)		—	—	—	—	3,138	88	652	67	1,536
Burlington (Vermont)		—	—	—	—	428	9	28	10	15
Hartford (Connecticut)		—	—	—	—	18	210	73	1,118	1,060
Manhattan (See (c) below)		—	—	—	—	108	4,116	4,063	16,799	9,287
Portsmouth (New Hampshire)		—	—	—	—	566	21	126	16	162
Providence (Rhode Island)		—	—	—	—	501	9	105	77	6,002
Mid-Atlantic Region		3	663	31	327	27,854	801	6,640	3,659	26,918
Baltimore (Maryland & D.C.)		2	555	4	114	3,527	243	1,311	1,325	2,907
Newark (New Jersey)		—	—	—	—	6,115	133	2,397	573	4,611
Philadelphia (See (e) below)		—	—	—	—	17	8,280	162	1,127	722
Pittsburgh (See (e) below)		—	—	—	—	80	4,874	149	562	219
Richmond (Virginia)		—	—	—	—	113	3,860	98	786	108
Wilmington (Delaware)		—	—	—	—	6	899	17	454	712
Southeast Region		17	1,507	177	632	31,409	3,096	4,075	1,761	21,501
Atlanta (Georgia)		1	4	50	5	4,481	1,573	763	511	3,283
Birmingham (Alabama)		—	—	—	—	62	4,282	46	130	221
Columbia (South Carolina)		—	—	—	—	7	1,977	53	96	208
Greensboro (North Carolina)		—	—	—	—	56	6,815	264	39	11
Jackson (Mississippi)		—	—	—	—	42	2,018	74	212	2305
Jacksonville (Florida)		14	10	176	78	7,936	837	850	545	254
Nashville (Tennessee)		3	864	224	224	3,901	342	3,901	342	18,869
Central Region		2	150	21	270	32,301	874	6,691	1,410	11,291
Cincinnati (See (d) below)		—	—	—	—	4	4,228	132	1,234	396
Cleveland (See (d) below)		—	—	—	—	46	7,881	1,523	523	702
Detroit (Michigan)		—	—	—	—	36	6,994	167	760	8,697
Indianapolis (Indiana)		—	—	—	—	13	2,556	51	316	134
Louisville (Kentucky)		—	—	—	—	33	40	30	46	4
Parkhurst (West Virginia)		—	—	—	—	103	1,320	30	46	4
Midwest Region		9	206	46	225	36,421	6,418	10,308	3,009	22,289
Aberdeen (South Dakota)		—	—	—	—	87	978	27	3	5
Chicago (See (b) below)		—	—	—	—	12	8,267	3,695	2,296	2,160
Des Moines (Iowa)		—	—	—	—	2	4,239	29	111	152
Fargo (North Dakota)		—	—	—	—	4	1,056	69	5	9
Madison (Wisconsin)		—	—	—	—	5	5,202	77	454	220
Milwaukee (Nebraska)		—	—	—	—	1	2,267	88	179	120
Omaha (Missouri)		—	—	—	—	31	5,475	1,082	1,231	183
St. Louis (Minnesota)		—	—	—	—	51	5,893	1,081	1,712	205
St. Paul (See (b) below)		—	—	—	—	3	3,044	86	183	42
Springfield (Kansas)		13	120	83	321	32,435	2,126	7,315	5,865	330,401
Southeast Region		10	120	83	321	32,435	2,126	7,315	5,865	330,401
Albuquerque (New Mexico)		7	10	1	1	834	54	11	34	390
Austin (See (f) below)		—	—	—	—	2	6,878	438	3,547	2,421
Chattanooga (See (f) below)		—	—	—	—	11	715	63	64	1,222
Chattanooga (See (f) below)		—	—	—	—	11	8,295	747	1,744	87
Dallas (See (f) below)		—	—	—	—	8	2,926	244	1,115	87
Denver (Colorado)		—	—	—	—	15	2,817	68	59	36
Little Rock (Arkansas)		—	—	—	—	6	2,816	138	362	993
New Orleans (Louisiana)		—	—	—	—	12	3,971	220	138	994
Oklahoma City (Oklahoma)		—	—	—	—	51	3,581	145	147	138
Wichita (Kansas)		—	—	—	—	5	3,971	145	147	138
Western Region		31	3,315	439	2,610	33,150	3,374	3,931	3,638	386
Anchorage (Alaska)		—	—	—	—	22	671	358	4	8
Boise (Idaho)		—	—	—	—	1	1,566	49	38	96
Boise (Montana)		—	—	—	—	55	1,070	25	2	334
Honolulu (Hawaii)		—	—	—	—	95	577	79	244	59
Los Angeles (See (a) below)		—	—	—	—	27	8,134	1,510	1,498	1,482
Phoenix (Arizona)		—	—	—	—	1	1,950	102	116	31
Portland (Oregon)		—	—	—	—	2	2,286	479	101	42
Reno (Nevada)		—	—	—	—	2360	64	2,286	479	101
Salt Lake City (Utah)		—	—	—	—	22	1,436	41	40	14
San Francisco (See (a) below)		—	—	—	—	61	8,769	714	970	1,338
Seattle (Washington)		—	—	—	—	35	3,527	218	393	566
Office of International Operations		—	—	—	—	3	282	3	137	352
Puerto Rico		—	—	—	—	—	281	(7)	1	34
Other		—	—	—	—	—	—	—	—	—
Undistributed:										
Federal tax deposits ³										
Gasoline lubricating oil, and excess FICA credits ⁴										
Transferred to Government of Guam										
Withheld taxes of Federal employees										
Clearing account for Excise taxes—aviation fuel and oil—Air Force and Navy										
Presidential Election Fund ⁵										
Earned Income Credits ⁶										
Totals for States not shown above										
(a) California	23	88	2	40	16,902	2,224	2,468	2,820	10,141	
(b) Illinois	3	33	6	90	11,311	3,772	2,479	2,201	24,301	
(c) New York	—	—	8	228	10,497	4,277	17,770	9,826	262,344	
(d) Ohio	3	15	97	13,154	311	1,689	942	32,888	334,558	
(e) Pennsylvania	3	10	26	92	15,173	1,185	5,291	3,642	334,558	

Table 2.—Internal revenue collections by sources and by quarters (In thousands of dollars)

Source of revenue	Quarter ended			
	Sept. 30, 1975	Dec. 31, 1975	Mar. 31, 1976	June 30, 1976
Grand total	67,159,753	62,632,767	75,138,290	97,588,882
Corporation income tax ¹	9,159,982	9,650,348	9,450,155	18,513,471
Individual income and employment taxes, total	52,238,589	47,297,264	60,212,930	73,422,887
Income tax not withheld and SECA ² * * *	6,456,288	1,460,675	10,045,371	21,083,738
Income tax withheld and FICA ³ * * *	45,069,998	45,239,486	49,448,608	51,148,351
Railroad retirement	397,379	423,772	407,835	427,381
Unemployment insurance	314,925	173,330	311,117	763,381
Estate tax	1,299,096	1,130,857	1,210,720	1,245,262
Gift tax	85,476	109,146	140,536	96,582
Excise taxes, total	4,376,610	4,455,352	4,114,958	4,310,799
Alcohol taxes, total ¹²	1,257,373	1,483,241	1,307,667	1,379,441
Distilled spirits ¹¹	863,870	1,119,267	949,845	986,954
Wines, cordials, etc. ¹¹	30,681	53,626	46,545	44,530
Beer ¹¹	362,822	310,348	311,277	347,657
Tobacco taxes, total ¹²	595,186	570,778	674,022	647,908
Cigarettes ¹¹	583,104	556,445	662,157	633,125
Cigars ¹¹	11,404	10,906	13,581	13,908
Other ¹¹	678	739	960	876
Manufacturer's excise taxes, total	1,385,655	1,360,899	1,385,111	1,354,441
Gasoline	1,036,237	1,033,701	1,071,609	984,127
Lubricating oil, etc.	23,300	22,542	22,641	23,168
Tires (wholly or in part of rubber), inner tubes, and tread rubber	192,365	182,942	183,702	181,108
Motor vehicles, chassis, bodies, parts, and accessories	110,649	97,743	109,167	128,352
Other ¹²	23,104	22,971	17,792	27,687
Retailer's excise taxes, total	102,286	97,915	108,048	109,022
Noncommercial aviation gasoline	2,583	3,107	2,472	2,134
Noncommercial aviation fuel other than gasoline	6,414	7,693	6,591	7,116
Diesel and special motor fuels	93,266	87,115	98,971	99,770
Other	—	—	13	2
Miscellaneous excise taxes, total	881,956	699,501	823,284	689,153
Telephone and teletypewriter exchange services	501,567	431,854	537,600	366,342
Transportation of persons by air	192,242	200,236	197,388	203,731
Use of international air travel facilities	13,013	15,115	12,356	12,495
Transportation of property by air	11,013	11,272	11,542	12,495
Sugar	28,060	9	742	9
Narcotics and marihuana, including occupational taxes	4,943	519	275	450
Coin-operated gaming devices	439	247	147	133
Wagering taxes	851	1,298	1,659	1,054
Occupational	114,050	25,350	39,515	33,877
Use tax on highway motor vehicles	8,552	2,951	4,651	4,035
Use tax on civil aircraft	1,052	4,612	9,789	46,370
Exempt organizations, total	5,033	6,006	7,608	9,098
Other ¹²	—	—	—	—
Unclassified excise taxes	154,174	243,019	183,175	130,835

Table 3.—Internal revenue collections by sources, fiscal years 1975 and 1976
(In thousands of dollars)

Sources of revenue	Fiscal Year	1975	1976
Grand total, all sources		293,822,726	302,518,792
Corporation income taxes, total ¹⁴		45,746,660	46,782,956
Regular		45,723,608	46,739,120
Exempt organization business income tax		23,052	43,836
Individual income and employment taxes, total		226,540,246	233,171,651
Income tax, not withheld and SECA ¹⁵ , 4 1/2 %		37,712,721	39,046,072
Income tax withheld and FICA ¹⁶ , 4 1/2 %		185,823,300	190,506,443
Railroad retirement ¹⁷		1,616,143	1,656,384
Unemployment insurance, employers of 1 or more persons at any time in each of 20 calendar weeks			
or paid wages of \$1,500 or more in any calendar quarter, taxed 3.2 percent, effective January 1, 1974,			
on taxable portion of wages up to \$4,200		1,388,082	1,562,752
Estate tax, graduated rates from 3 percent on first \$5,000 of net estate in excess of \$60,000			
exemption to 77 percent on portion over \$10,000,000; credit allowed for State death taxes		4,312,657	4,875,735
Gift tax, graduated rates from 2 1/4 percent on first \$5,000 of net gifts in excess of \$30,000			
exemption to 57 1/4 percent on portion over \$10,000,000; \$3,000 annual exclusion for each donee		375,421	431,730
Excise taxes, total ¹⁸		16,847,741	17,257,720
Alcohol taxes, total		5,350,858	5,427,722
Distilled spirits taxes, total		3,865,162	3,919,935
Imported (collected by Customs, rates same as domestic)		3,124,845	3,188,990
Domestic, \$10.50 per proof gallon or wine gallon when below proof ¹⁹		22,156	29,123
Rectification, 30 cents per proof gallon ²⁰			
Occupational taxes		80	82
Nonbeverage manufacturers of spirits, \$25, \$50, \$100, per year			
Rectifiers:			
Less than 20,000 proof gallons, \$110 per year		4	3
20,000 proof gallons or more, \$220 per year		23	17
Retail dealers in liquor or medicinal spirits, \$54 per year		12,500	8,104
Wholesale liquor dealers, \$225 per year		714	517
Manufacturers of stills, \$55 per year		4	3
Seizures, penalties, etc.		519	246
Stills or condensers manufactured, \$22 each		3	2
Wines, cordials, etc., taxes, total		177,113	175,482
Imported (collected by Customs, rates same as domestic)		18,061	21,546
Domestic (Still-wines, 17 cents, 67 cents, \$2.25 per wine gallon; sparkling wines, \$3.40; artificially carbonated wines, \$2.40; liqueurs, cordials, \$1.92) ²¹		154,358	150,276
Occupational taxes:			
Retail dealers in wines or in wines and beer, \$54 per year		4,296	3,366
Wholesale dealers in wines or in wines and beer, \$225 per year		377	294
Beer taxes, total		1,308,583	1,332,304
Imported (collected by Customs, rates same as domestic)		11,638	15,280
Domestic, \$9 per barrel of 31 gallons ²²		1,293,396	1,313,706
Occupational taxes:			
Brewers:			
Less than 500 barrels, \$55 per year		1	(1)
500 barrels or more, \$110 per year		13	13
Retail dealers in beer, \$24 per year (includes limited retail dealers in wines or beer, \$2.20 per month)		2,838	1,825
Wholesale dealers in beer, \$123 per year		697	480
Tobacco taxes, total		2,315,090	2,487,894
Cigarettes, total		2,261,116	2,434,831
Small (Class A), \$4 per thousand		2,261,099	2,434,812
Large (Class B), \$8.40 per thousand, except if over 6 1/2 inches long \$4 per thousand for each 2 1/2 inches or fraction thereof ²³			
Prepayments		16	18
Cigars, total		51,226	49,812
Large cigars, total ²⁴		48,733	47,958
Class A (Retailing at not over 2 1/2 cents each), \$2.50 per thousand		77	8
Class B (Over 2 1/2 cents, not over 4 cents each), \$3 per thousand		1,315	946
Class C (Over 4 cents, not over 6 cents each), \$4 per thousand		6,460	4,756
Class D (Over 6 cents, not over 8 cents each), \$7 per thousand		8,351	9,325
Class E (Over 8 cents, not over 15 cents each), \$10 per thousand		18,173	17,163
Class F (Over 15 cents, not over 20 cents each), \$15 per thousand		9,689	10,868
Class G (Over 20 cents each), \$20 per thousand		4,668	4,871
Small cigars, 75 cents per thousand		2,472	1,829
Prepayments		20	25
Imported cigars, cigarettes, cigarette papers and cigarette tubes (collected by Customs, rates same as domestic)		1,254	1,850
Miscellaneous Tobacco			71
Cigarette papers and tubes, papers one-half cent per 50; tubes 1 cent per 50		1,494	1,330

Table 3.—Internal revenue collections by sources, fiscal years 1975 and 1976—Continued
(In thousands of dollars)

Sources of revenue	Fiscal Year	1975	1976
Excise taxes—Continued			
Manufacturer's excise taxes, total		5,516,611	5,486,106
Gasoline, 4 cents per gallon			
Lubricating oil, etc., 6 cents per gallon			
Tires (wholly or in part of rubber), inner tubes, and tread rubber:			
Tires, highway type, 10 cents per pound; other, 5 cents per pound except laminated tires (other than type used on highway vehicles), 1 cent per pound		3,980,412	4,125,674
Inner tubes, 10 cents per pound		91,053	92,851
Tread rubber, 5 cents per pound			
Motor vehicles, chassis, bodies, parts, and accessories:			
Passenger automobiles, chassis, bodies, etc., 7 percent ²⁵		647,187	675,589
Trucks and buses, chassis, bodies, etc., 10 percent ²⁶		27,989	28,803
Pistols and accessories for trucks and buses, 8 percent		22,484	22,725
Fishing rods, creels, etc., 10 percent ²⁷			
Bows and arrows, 11 percent		3,343	17
Firearms (other than pistols and revolvers), shells and cartridges, 11 percent		534,158	321,848
Other ²⁸		125,055	124,045
Retailer's excise taxes, total		11,331	11,910
Noncommercial aviation gasoline, 3 cents per gallon		21,899	20,152
Noncommercial aviation fuel other than gasoline, 7 cents per gallon		546	4,716
Diesel and special motor fuels, 4 cents per gallon (in some instances 2 cents per gallon)		51,170	54,211
Other ²⁹		-14	565
Miscellaneous excise taxes, total		404,187	417,250
Telephone and teletypewriter exchange services ³⁰		11,127	10,295
Transportation of persons by air, 6 percent (which was increased from 5 percent effective July 1, 1970)		10,295	22,573
Transportation of property by air, 5 percent		370,469	379,125
Use of international air-travel facilities, \$3 per person		-2	15
Sugar, approximately half-cent per pound ³¹		3,306,077	3,093,895
Narcotics and marihuana, total ³²		2,023,744	1,837,362
Narcotics			
Marihuana		16	3
Coin-operated gaming devices, \$250 per device per year		135	100
Wagering taxes:			
Occupational tax, \$500 per year ³³		6,826	6,187
Wagers, 2 percent of amount wagered ³⁴		227	965
Use tax on highway vehicles weighing over 26,000 pounds, \$3 per 1,000 pounds per year (installment privileges permitted)		5,540	4,962
Use tax on civil aircraft, \$25 per year with an additional 2 cents per pound on non-turbine engine powered over 2,500 pounds or 3 1/2 cents per pound on turbine engine powered		207,663	212,793
Adulterated butter and filled cheese (imported and domestic), process or renovated butter and imported oleo margarine ³⁵		20,959	21,188
Firearms transfer and occupational taxes ³⁶			
Interest equalization ³⁷		2	1
Foreign insurance		280	313
Exempt organizations, total		1,536	1,128
Net investment income, 4 percent ³⁸		19,458	25,371
Self-dealing, 5 percent on self-dealer, lesser of \$10,000 or 2 1/2 percent on foundation manager		55,069	61,823
Excess business holdings, 5 percent on foundation		63,826	59,538
Taxable expenditures, 10 percent on foundation, lesser of \$5,000 or 2 1/2 percent on foundation		324	291
Failure to timely file certain information returns, \$10 per day up to a maximum of \$5,000		6	9
Investments which jeopardize charitable purpose, 5 percent on foundation, lesser of \$5,000 or 5 percent on foundation manager		550	893
Employee pension plans, total		360	915
Prohibited transactions, 5 percent			
Excess contributions to an IRA, 6 percent		39	102
Other ³⁹		39	920
Unclassified excise taxes		244	712
		-45082	344,853

Table 4.—Internal revenue collections by principal sources, fiscal years 1940 through 1976
(In thousands of dollars)

Fiscal year ended June 30	Income and profits taxes									All other taxes
	Total internal revenue collections	Total	Cor- poration income and profits taxes 2-15	Individual income taxes 2-15	Employ- ment taxes 3-15	Estate and gift taxes	Alcohol taxes 11	Tobacco taxes 11	Manu- factur- ers excise taxes	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
1940	5,340,452	2,129,809	1,147,592	982,017	833,521	360,071	824,253	608,518	447,088	337,392
1941	7,370,108	3,471,124	2,053,469	1,417,655	925,856	407,058	820,056	698,077	617,373	430,564
1942	13,047,859	8,008,884	4,744,083	3,262,800	1,185,362	432,540	1,048,517	780,982	717,922	821,582
1943	22,371,386	16,296,888	9,668,956	6,629,532	1,498,705	447,496	1,423,846	923,857	504,746	1,274,048
1944	40,121,760	33,027,802	14,766,796	18,261,005	1,738,372	511,210	1,618,775	988,483	503,462	1,733,655
1945	43,800,388	35,061,526	16,027,213	19,034,313	1,778,177	643,055	2,309,866	932,145	782,511	2,292,106
1946	40,672,097	31,246,138	12,553,602	18,704,536	1,700,828	676,832	2,526,165	1,165,519	922,671	2,421,944
1947	39,108,386	29,019,756	9,676,459	19,343,297	2,024,365	779,291	2,474,762	1,237,768	1,425,260	2,147,184
1948	41,864,542	31,172,191	10,174,410	20,997,781	2,381,342	899,345	2,255,327	1,300,280	1,649,234	2,206,822
1949	40,463,126	29,605,491	11,553,669	18,051,822	2,476,113	796,538	2,210,607	1,321,875	1,771,533	2,280,969
1950	38,957,132	28,007,659	10,854,351	17,153,308	2,644,575	706,227	2,219,202	1,328,464	1,836,053	2,214,951
1951	50,445,686	37,384,879	14,387,569	22,997,309	3,627,479	729,730	2,546,808	1,380,396	2,383,677	2,392,719
1952	65,009,586	50,741,017	21,466,910	29,274,107	4,464,264	833,147	2,549,120	1,565,102	2,348,943	2,507,933
1953	69,686,535	54,130,732	21,594,515	32,536,217	4,718,403	891,284	2,780,925	1,654,911	2,852,788	2,647,492
1954	69,919,991	54,360,014	21,546,322	32,813,691	5,107,623	835,121	2,783,012	1,580,228	2,689,133	2,464,859
1955	66,288,692	49,914,826	18,264,720	31,650,106	6,219,865	936,267	2,742,840	1,571,213	2,885,016	2,018,866
1956	75,112,649	56,636,164	21,286,922	35,351,642	7,295,784	1,171,237	2,920,574	1,613,497	3,456,013	2,019,380
1957	80,171,971	60,560,425	21,530,653	39,029,772	7,580,522	1,377,989	2,973,195	1,674,050	3,781,925	2,243,858
1958	79,978,476	59,101,874	20,533,316	38,568,559	8,644,386	1,410,925	2,948,461	1,734,021	3,974,135	2,168,676
1959	79,797,973	58,626,254	18,091,509	40,734,744	8,853,744	1,352,962	3,002,096	1,806,816	3,958,789	2,997,292
1960	91,774,803	67,125,126	22,179,414	44,945,711	11,158,589	1,626,348	3,193,714	1,901,504	4,735,129	2,004,394
1961	94,401,065	67,917,941	21,764,940	46,153,001	12,502,451	1,918,392	3,212,801	1,991,117	4,896,802	1,963,582
1962	99,440,839	71,945,305	21,295,711	50,649,594	12,706,171	2,035,187	3,341,282	2,025,736	5,120,340	2,264,817
1963	105,925,395	75,323,714	22,336,134	52,987,581	15,004,488	2,187,457	3,441,656	2,079,237	5,610,309	2,278,336
1964	112,260,257	78,891,218	24,300,863	54,590,354	17,002,504	2,416,303	3,577,489	2,052,545	6,020,543	2,299,645
1965	114,434,634	79,792,016	26,131,334	53,660,683	17,104,306	2,745,532	3,772,634	2,148,594	6,416,145	2,453,406
1966	128,879,961	92,131,794	30,834,243	61,297,552	20,256,133	3,093,922	3,814,378	2,073,956	5,613,869	1,895,909
1967	148,374,815	104,288,420	34,917,825	69,370,595	26,958,241	3,014,406	4,075,723	2,079,869	5,478,347	2,479,809
1968	153,636,838	108,148,565	29,896,520	78,252,045	28,085,896	3,081,979	4,287,237	2,122,677	5,713,973	2,196,909
1969	187,919,560	135,778,052	38,337,646	97,440,406	33,068,657	3,530,965	4,555,560	2,197,585	6,501,146	2,848,495
1970	195,722,096	136,686,568	35,036,983	103,651,585	37,449,188	3,680,076	4,746,382	2,094,212	6,663,061	2,380,629
1971	191,647,198	131,072,374	30,319,953	100,752,421	39,918,690	3,784,283	4,800,482	2,206,585	6,594,789	3,779,985
1972	209,855,737	143,804,732	34,925,540	108,879,188	43,714,001	5,489,969	5,110,001	2,207,273	5,728,657	3,801,104
1973	237,787,204	164,157,315	39,045,309	125,112,006	52,081,709	4,975,862	5,149,513	2,276,851	5,395,750	3,750,104
1974	268,952,254	184,648,094	41,744,444	142,903,650	62,093,632	5,100,675	5,358,477	2,437,005	5,742,154	3,572,217
1975	293,827,726	202,146,097	45,746,650	156,399,437	70,140,809	4,688,079	5,350,859	2,315,090	5,516,611	3,665,182
1976	302,519,792	205,751,753	46,782,956	158,968,797	74,202,853	5,307,466	5,427,722	2,467,894	5,486,106	3,655,998

Footnotes for Tables 1-4

*Less than \$500.

r Revised

1. The receipts in the various States do not indicate the Federal tax burden of each since, in many instances, taxes are collected in one State from residents of another State. For example, withholding taxes reported by employers located near State lines may include substantial amounts withheld from salaries of employees who reside in neighboring States.

2. Includes taxes on unrelated business income of exempt organizations.

3. Collections of individual income tax not withheld include old-age, survivors, disability, and hospital insurance taxes on self-employment income (SECA). Similarly, the collections of individual income tax withheld are reported in combined amounts with old-age, survivors, disability, and hospital insurance taxes (FICA) on salaries and wages. Estimated separate national hospital insurance taxes are shown in the text table on p. 14, and are used in obtaining national totals for individual income taxes and employment taxes in table 4.

4. Self-employment tax and taxes imposed by the Federal Insurance Contributions Act are applicable with respect to Guam and American Samoa. Amounts of such taxes collected in Guam and American Samoa are combined with similar taxes reported for Office of International Operations-Other.

5. Includes Fiduciary income tax collections of \$849,312,000.

6. Beginning with fiscal year 1957, the United States total is adjusted to exclude withheld individual income taxes transferred to the Government of Guam in accordance with the provisions of Public Law 850, approved Aug. 1, 1950 (64 Stat. 392). This adjustment amounted to \$16.1 million for 1976.

7. Tax payments made to banks, under the Federal tax deposit system, are included in the internal revenue collections for the period in which the Federal tax deposit is purchased. However, such payments are not classified by internal revenue districts (nor by tax subclasses to which excise tax payments relate) until the Federal tax deposit payment is applied to the taxpayer's liability from tax returns filed.

8. Represents credits allowable on income tax returns for certain gasoline and lubricating oil tax payments and for excess payments under the Federal Insurance Contribution Act (FICA).

9. Designations by taxpayers of a portion of their taxes to the Presidential Election Campaign Fund are not collections, as such, because they do not affect taxpayer liability. Transfers of amounts to this fund are made on a national basis only and, therefore, have no effect on district and regional collection data.

10. Represents amounts offset against outstanding tax liabilities other than those for Forms 1040 and 1040A on which the credits were claimed.

11. Amounts of internal revenue taxes collected on Puerto Rican products transported to the United States or consumed on the island (less refunds, drawbacks, and expenses) are covered into the Treasury of Puerto Rico under provisions of secs. 7652(a)(1) and 5314(a)(4) of the Internal Revenue Code of 1954. The gross amounts are included in overall collection results (Tables 1 through 4).

12. Refer to Table 3 for components.

13. Corporation income tax rates. Effective January 1, 1965, first \$25,000 of net income normal tax of 22 percent, net income in excess of \$25,000 combined normal and surtax of 48 percent. Normal tax and surtax also apply to business. Effective January 1, 1968, a 10 percent per annum surcharge was added to the tax (Public Law 90-364). The 10 percent per annum surcharge was extended to December 31, 1969, by Public Law 91-53, extended discontinued. Under the Tax Reduction Act of 1975 (P.L. 94-12), effective for 1975 returns, surtax exemption increased to \$50,000 and normal tax reduced to 20 percent on first \$25,000 of taxable income. These changes were extended by The Revenue Adjustment Act of 1975 (P.L. 94-164) to June 30, 1976, for 1976 returns at rates designed to achieve the half year extension.

14. Rates of tax are as follows: Individual income tax: Effective January 1, 1965, graduated rates from 14 percent to 70 percent of taxable income. Includes old-age, survivors, disability, and hospital insurance taxes on self-employment income. The 10 percent per annum surcharge added by Public Law 90-364, effective April 1, 1968, for individuals, was extended to December 31, 1969, at the same annual rate (Public Law 91-53), extended to June 30, 1970 (Public Law 91-172) at a 5 percent annual rate, and then discontinued.

15. Rates of tax are as follows: Income tax graduated withholding on wages in excess of exemptions: Public Law 89-368, effective July 1, 1967, 14 to 33 percent; Public Law 91-172, effective January 1, 1970, 14 to 36 percent; effective April 30, 1975, under Public Law 92-178, and 16 combined FICA tax rate of 11.7 percent was in effect on salaries and wages up to \$14,100 for calendar year 1975 and \$15,300 for 1976.

16. Consists of regular railroad retirement combined tax rate of 21.2 percent for calendar years 1975 and 1976. Tax applies to employers (15.35%) and employees (5.85%) and is imposed on taxable portion of wages (limited to first \$1,175 of monthly taxable compensation for 1975 and \$1,275 for 1976). Further includes railroad employee representatives' tax of 21.2 percent for calendar years 1975 and 1976 on taxable portion of compensation. In addition, a supplemental tax levied quarterly by the Railroad Retirement Board is imposed on employers and employee representatives based on man-hours worked.

17. Taxes on passenger automobiles and light trucks repealed December 11, 1971, by the Revenue Act of 1971.

18. Includes delinquent taxes on items repealed by Public Laws 87-458, 88-36, and 89-44.

19. Rate was reduced from 9 percent to 8 percent on January 1, 1974, to 7 percent on January 1, 1975, and to 6 percent January 1, 1976 (Public Law 91-614).

20. Terminated effective June 30, 1975.

21. Narcotics, 1 cent per ounce; narcotics order blanks, \$1 per hundred. Marihuana, \$1 per ounce; Marihuana order blanks, 2 cents each. Amounts shown also include occupational taxes levied on manufacturers, dealers, and practitioners. Repealed, effective May 1, 1971 (Public Law 91-513).

22. Tax increased from \$50 to \$500, effective December 1, 1974 (Public Law 93-499).

23. Rate reduced from 10 percent to 2 percent, effective December 1, 1974 (Public Law 93-499).

24. Adulterated butter, 10 cents per pound. Process or renovated butter, 1/4 cent per pound. Domestic filled cheese, 1 cent per pound. Imported filled cheese, 8 cents per pound. Imported adulterated butter and oleo-margarine, 15 cents per pound. Occupational taxes are levied on manufacturers or dealers in these products and are included in the amounts shown. Filled cheese taxes repealed effective October 26, 1974 (Public Law 93-499).

25. Transfers of machine guns, short-barreled firearms, silencers, etc., \$200 each; certain guns with combination shotguns and rifle barrels, and other special types of firearms, \$5 each. Occupational taxes are levied on manufacturers, importers, or dealers in firearms and are included in the amounts shown.

26. Legislative authority expired June 30, 1974.

Table 5.—Amount of internal revenue refunds including interest (In thousands of dollars) (excluding tax rebates)¹

Internal revenue regions, districts, States and other areas. (States represented by single districts indicated in parentheses: totals for other States shown at bottom of table)	Total ²	Corporate Income	Individual income and employment taxes		Estate	Gift	Excise ³
			Excessive pre-payment	Other			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	
United States, total	34,493,792	5,569,355	27,215,507	1,307,738	92,120	10,587	298,485
North-Atlantic Region	5,189,533	1,146,178	3,896,212	111,044	19,712	6,790	18,597
Albany	(See (c) below)	38,029	226,323	3,810	833	10	75
Albany	(See (c) below)	122,917	111,061	2,825	248	17	62
Augusta	(Maine)	203,815	724,795	19,982	2,488	119	2,245
Boston	(Massachusetts)	953,444	80,926	903,261	15,516	161	6,406
Brooklyn	(See (c) below)	1,009,090	46,013	584,416	9,867	3,581	1,362
Buffalo	(See (c) below)	176,374	6,301	147,077	14,710	220	14
Burlington	(Vermont)	54,056	104,572	471,077	18,888	206	4,028
Hartford	(Connecticut)	506,581	530,756	618,554	38,375	8,057	4,139
Manhattan	(See (c) below)	1,206,053	19,222	98,252	2,342	174	46
Portsmouth	(New Hampshire)	149,847	33,585	112,460	2,291	305	3
Providence	(Rhode Island)	4,773,872	723,954	3,895,241	98,305	12,967	489
Mid-Atlantic Region	1,320,627	128,755	743,633	16,178	1,789	52	194
Baltimore	(Maryland & D.C.)	896,166	232,770	1,030,458	29,420	4,848	142
Newark	(New Jersey)	1,098,499	164,709	809,995	23,598	4,158	138
Philadelphia	(See (e) below)	548,177	93,465	510,721	1,826	1,385	15
Pittsburgh	(See (e) below)	642,333	103,851	521,891	15,272	673	61
Richmond	(Virginia)	109,342	32,743	73,128	2,011	113	13
Wilmington	(Delaware)	4,117,005	617,034	3,240,266	10,727	469	20,312
Southeast Region	279,342	129,645	128,192	20,476	928	55	8,567
Atlanta	(Georgia)	411,237	359,611	10,799	423	28	188
Birmingham	(Alabama)	341,324	59,292	274,829	1,275	44	2,812
Columbia	(South Carolina)	642,433	103,851	521,891	15,272	673	61
Greensboro	(North Carolina)	18,903	21,398	186,617	8,033	441	29
Jackson	(Mississippi)	1,213,193	197,314	534,601	15,137	910	45
Jacksonville	(Florida)	560,573	60,427	470,046	18,137	376	19,150
Nashville	(Tennessee)	4,681,580	668,856	3,906,743	88,891	6,950	281
Central Region	711,813	117,945	576,652	11,083	1,390	71	1,932
Cincinnati	(See (d) below)	1,054,132	201,404	832,769	16,965	1,275	44
Cleveland	(See (d) below)	1,488,498	182,633	1,270,339	23,724	1,819	144
Detroit	(Michigan)	794,616	106,775	682,762	19,279	751	26
Indianapolis	(Indiana)	418,050	38,425	367,959	14,179	239	5
Louisville	(Kentucky)	226,471	200,342	4,095	239	5	25,162
Parkersburg	(West Virginia)	4,841,583	1,077,894	3,841,324	141,817	478	58
Midwest Region	1,171,156	7,849	5,702,622	38,269	7,278	52	5,865
Abbeville	(South Dakota)	1,730,939	456,958	1,272,517	6,088	375	139
Chicago	(See (b) below)	355,791	54,990	282,169	16,916	21	105
Des Moines	(Iowa)	76,746	7,616	65,701	5,140	164	47
Fargo	(North Dakota)	114,808	19,015	91,665	14,128	918	47
Milwaukee	(Wisconsin)	203,559	36,747	151,731	13,988	579	56
Omaha	(Nebraska)	697,851	133,310	529,299	17,868	3,285	1,032
St. Louis	(Missouri)	150,402	14,012	16,926	869	85	1,176
St. Paul	(Minnesota)	409,191	55,214	338,228	12,514	949	1,176
Springfield	(See (b) below)	3,616,533	553,378	3,089,040	145,203	8,368	8,821
Southeast Region	130,062	8,198	124,532	4,880	294	19	126
Albuquerque	(New Mexico)	1,070,634	168,463	862,733	35,347	2,676	150
Austin	(See (f) below)	57,735	4,254	50,206	2,961	125	83
Cheyenne	(Wyoming)	742,964	124,154	576,890	36,073	1,958	3,568
Dallas	(See (f) below)	52,752	348,473	14,778	648	61	712
Denver	(Colorado)	222,369	25,187	188,267	8,498	262	610
Little Rock	(Arkansas)	507,749	76,326	414,551	14,552	872	1,779
New Orleans	(Louisiana)	370,166	57,793	296,112	13,579	887	15
Oklahoma City	(Oklahoma)	289,433	36,651	237,066	14,535	648	11
Wichita	(Kansas)	800,436	5,305,102	177,863	17,653	850	11,431
Western Region	6,310,637	130,783	4,012	123,219	3,334	67	98
Anchorage	(Alaska)	111,452	13,681	90,496	8,846	329	33
Boise	(Idaho)	95,755	8,328	81,087	5,859	323	122
Helena	(Montana)	154,128	19,015	131,028	3,818	359	89
Honolulu	(Hawaii)	2,575,531	362,848	2,148,489	50,740	3,942	114
Los Angeles	(See (a) below)	357,187	41,411	302,567	11,546	311	532
Phoenix	(Arizona)	385,939	67,591	313,287	13,805	455	89
Portland	(Oregon)	124,633	12,929	107,415	3,886	364	32
Reno	(Nevada)	180,471	18,238	157,290	4,766	67	12
Salt Lake City	(Utah)	1,014,753	185,153	1,369,497	51,486	4,490	245
San Francisco	(See (a) below)	753,005	66,441	482,777	21,777	762	144
Seattle	(Washington)	157,893	27,073	120,412	8,907	601	10
Office of International Operations	27,781	193	24,249	2,686	4	(*)	649
Puerto Rico	130,112	26,880	96,163	6,221	827	10	11
Other	—	—	—	—	—	—	148,878
Gasoline, lubricating oil and excess FICA credits ⁴	554,306	—	—	407,628	—	—	1,653
Bureau of Customs	1,653	—	—	—	—	—	—
Earned Income Credit Offset ⁵	5,587	—	5,587	—	—	—	—
Refunds reversed unclassified ⁶	19,610	13,942	5,580	88	—	—	—
Totals for States not shown above	4,190,284	548,003	3,515,966	102,226	13,832	445	9,812
(a) California	2,140,130	512,172	1,561,745	50,763	8,227	164	7,041
(b) Illinois	3,200,598	977,789	2,232,554	67,588	14,291	6,392	11,962
(c) New York	1,755,945	319,349	1,411,421	27,648	2,666	115	4,744
(d) Ohio	1,744,676	258,174	1,432,741	34,324	5,543	213	14,581
(e) Pennsylvania	1,813,598	292,617	1,439,723	71,420	4,634	372	4,834
(f) Texas	—	—	—	—	—	—	—

Table 6.—Number of internal revenue refunds issued (In thousands of dollars) (excluding tax rebates)¹

Internal revenue regions, districts, States, and other areas. (States represented by single districts indicated in parentheses: totals for other States shown at bottom of table)	Total	Corporate Income	Individual income and employment taxes		Estate	Gift	Excise
			Excessive Pre-payment	Other			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	
United States, total	66,969,506	477,297	63,830,756	2,581,693	26,885	4,410	48,465
North-Atlantic Region	9,621,343	1,778,354	8,374,329	352,836	26,885	4,410	48,465
Albany	(See (c) below)	77,456	9,178,354	352,836	26,885	4,410	48,465
Augusta	(Maine)	2,581,311	19,547	257	125	23	477
Boston	(Massachusetts)	336,760	12,709	125	14	364	14
Brooklyn	(See (c) below)	1,880,388	1,800,212	64,408	1,244	156	1,128
Buffalo	(See (c) below)	2,050,318	1,873,695	43,793	734	115	1,034
Burlington	(Vermont)	1,475,033	1,418,892	64,774	1,244	156	1,082
Hartford	(Connecticut)	143,161	1,372	143,161	1,244	106	1,082
Manhattan	(See (c) below)	1,155,889	1,044	1,155,889	64,774	106	1,082
Portsmouth	(New Hampshire)	1,394,061	1,302,188	46,295	654	10	132
Providence	(Rhode Island)	275,054	2,707	275,054	1,286	204	161
Mid-Atlantic Region	9,415,312	3,445	9,415,312	3,445	3,445	3,445	3,445
Baltimore	(Maryland & D.C.)	56,925	9,231,085	10,067	83	15	239
Newark	(New Jersey)	10,194	1,651,306	57,806	753	170	849
Philadelphia	(See (e) below)	17,735	2,329,126	91,180	1,554	170	849
Pittsburgh	(See (e) below)	2,328,456	2,328,456	91,180	1,554	170	849
Richmond	(Virginia)	1,403,420	5,588	1,353,982	848	255	1,538
Wilmington	(Delaware)	1,549,605	9,106	1,484,600	54,806	361	201
Southeast Region	1,930,110	3,117	1,81,239	7,397	381	58	877
Atlanta	(Georgia)	66,813	8,884,618	353,884	3,053	569	1,142
Birmingham	(Alabama)	11,382	1,138,277	50,280	187	42	668
Columbia	(South Carolina)	5,204	964,601	34,940	346	91	1,142
Greensboro	(North Carolina)	5,013	801,198	24,844	193	43	668
Jackson	(Mississippi)	11,859	1,250,072	56,659	341	540	668
Jacksonville	(Mississippi)	3,403	556,422	56,659	341	30	995
Nashville	(Tennessee)	23,097	2,374,004	118,194	1,587	213	1,537
Central Region	1,352,509	8,855	1,295,284	49,510	269	56	825
Cincinnati	(See (d) below)	9,365,538	8,892,108	45,889	467	325	5,476
Cleveland	(See (d) below)	1,453,317	9,047	1,335,261	61,552	759	1,000
Detroit	(Michigan)	2,012,224	2,705,381	61,552	634	100	1,010
Indianapolis	(Indiana)	2,809,794	18,303	2,705,381	61,552	76	1,127
Louisville	(Kentucky)	1,629,018	7,206	1,557,913	62,216	25	329
Parkersburg	(West Virginia)	843,328	4,693	839,203	38,519	263	625
Midwest Region	517,977	2,469	467,284	37,971	263	25	329
Aberdeen	(See (a) below)	9,167,119	8,676,337	406,704	3,791	688	1,142
Chicago	(See (b) below)	162,705	164,147	10,659	104	21	252
Des Moines	(Iowa)	2,748,695	2,635,801	90,459	512	144	853
Fargo	(North Dakota)	784,228	6,304	726,037	5,181	67	290
Milwaukee	(Wisconsin)	1,27,980	1,131	158,880	13,416	434	67
Omaha	(Nebraska)	1,377,306	11,734	1,311,202	52,634	100	1,170
St. Louis	(Missouri)	444,005	4,443	403,034	34,940	376	467
St. Paul	(Minnesota)	388,453	12,870	376,928	11,542	79	978
Springfield	(See (b) below)	1,195,402	9,094	1,182,728	56,455	431	89
Southeast Region	863,365	4,986	819,150	38,162	462	96	1,050
Albuquerque	(New Mexico)	8,190,012	61,845	8,128,167	3,999	67	712
Anchorage	(See (f) below)	346,982	10,774	7,765,638	362,296	2,883	588
Austin	(See (f) below)	2,259,982	19,975	2,181,084	85,341	102	16
Cheyenne	(Wyoming)	124,906	1,472	115,587	7,530	670	198
Dallas	(See (f) below)	1,560,508	10,487	1,471,523	70,967	72	225
Denver	(Colorado)	840,802	7,008	795,390	37,457	575	144
Little Rock	(Arkansas)	556,880	3,836	526,760	25,688	139	24
New Orleans	(Louisiana)	1,069,436	5,854	1,023,383	36,912	255	32
Phoenix	(Arizona)	773,550	5,087	730,387	36,912	255	32
Wichita	(Kansas)	650,966	5,354	610,254	40,216	399	67
Western Region	11,303,675	76,272	10,782,839	430,777	4,980	668	8,141
Anchorage	(Alaska)	133,228	827	125,951	6,325	399	67
Bosie	(Idaho)	242,352	807	224,790	15,218	111	23
Helena	(Montana)	224,720	1,862	224,790	15,218	111	23
Honolulu	(Hawaii)	289,809	2,006	279,166	16,563	123	328
Los Angeles	(See (a) below)	4,276,479	2,696	2,771,668	9,867	80	201
Phoenix	(Arizona)	687,959	28,807	4,104,042	139,394	2,080	202
Reno	(Oregon)	510,062	5,004	485,756	26,327	264	52
Salt Lake City	(Nevada)	21,176	6,248	773,387	35,555	214	64
Salt Lake City	(Utah)	773,387	1,619	220,715	8,547	58	23
Seattle	(See (a) below)	2,879,649	16,684	2,750,855	14,026	63	81
Office of International Operations	1,149,850	7,641	1,068,428	29,098	428	81	63
Puerto Rico	596,577	592	176,294	14,684	186	6	1
Other	45,752	20	45,752	14,754	182	5	6
Retund reversal unclassified	180,625	572	145,251	14,754	182	5	6
	62,231	16,302	43,485	444	—	—	—
Totals for States not shown above							
(a) California	7,156,128	45,491	6,854,899	247,588	3,582	344	4,224
(b) Illinois	3,512,060	24,639	3,454,951	128,617	3,319	209	2,325
(c) New York	7,080,141	41,555	5,259,086	199,761	3,510	491	4,794
(d) Ohio	3,465,541	22,687	3,332,327	107,541	1,228	142	1,716
(e) Pennsylvania	7,731,886	18,773	5,884,814	124,424	1,208	256	2,211
(f) Texas	3,820,490	21,462	3,632,607	161,733	1,288	286	3,157

Table 7.—Number of returns filed, by Internal Revenue regions, districts, States, and other areas.

Internal revenue regions, districts, States and other areas (States represented by single districts indicated in parentheses; total for other States shown at bottom of table.)	Total tax returns	Individual income tax	Declaration of estimated tax	Fiduciary	Partnership	Corporation income tax	Estate tax
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
United States, total	127,348,211	82,755,521	7,844,411	1,610,306	1,143,213	2,144,036	236,487
North-Atlantic Region	16,668,741	11,860,925	1,179,029	345,139	137,598	456,122	40,699
Albany (See (c) below)	1,113,064	745,816	69,199	21,039	8,096	21,030	2,855
Augusta (Maine)	632,536	409,473	38,833	8,222	3,308	7,064	1,113
Boston (Massachusetts)	3,512,899	2,327,376	216,826	92,948	18,777	75,683	6,205
Brooklyn (See (c) below)	3,889,560	2,570,377	257,340	121,865	27,403	112,538	9,928
Burlington (Vermont)	2,609,647	1,793,818	155,879	38,085	18,865	43,768	5,331
Buffalo (See (c) below)	301,478	181,177	19,951	4,448	1,643	5,517	643
Burlington (Vermont)	1,438,870	925,917	42,648	10,280	4,281	18,280	1,405
Hartford (Connecticut)	2,188,479	1,438,870	204,714	113,770	33,115	131,890	7,005
Manhattan (See (c) below)	3,355,161	2,244,081	31,743	5,659	3,077	9,597	947
Providence (Rhode Island)	511,850	332,576	33,627	3,053	1,528	5,828	891
Mid-Atlantic Region	16,373,297	11,865,894	1,111,833	261,125	133,642	295,231	32,032
Baltimore (Maryland & D.C.)	3,059,656	2,106,983	44,912	22,206	13,030	10,479	4,524
Newark (New Jersey)	4,703,223	3,031,203	302,764	51,336	37,394	50,820	7,958
Philadelphia (See (c) below)	2,452,950	2,008,787	284,541	91,227	31,511	22,338	3,573
Pittsburgh (See (c) below)	2,460,084	1,715,955	157,646	27,786	19,308	27,361	4,902
Richmond (Virginia)	2,806,618	1,878,624	156,119	25,002	14,945	19,766	3,199
Wilmington (Delaware)	17,851,989	11,503,050	1,036,248	159,509	146,103	297,328	28,487
Southeast Region	17,121,978	11,860,925	1,179,029	345,139	137,598	456,122	40,699
Atlanta (Georgia)	2,121,978	1,765,984	124,144	21,263	22,549	24,092	1,722
Birmingham (Alabama)	1,494,826	995,525	73,549	8,806	11,199	22,005	2,005
Columbia (South Carolina)	2,998,670	1,975,897	150,104	22,010	23,604	46,529	3,860
Greensboro (North Carolina)	1,112,520	711,129	54,464	10,270	15,009	13,102	1,066
Jackson (Mississippi)	5,328,294	3,234,994	433,713	41,755	18,544	11,622	1,304
Jacksonville (Florida)	2,396,762	1,613,125	114,193	18,225	13,106	24,676	2,716
Nashville (Tennessee)	17,121,978	11,860,925	1,179,029	345,139	137,598	456,122	40,699
Central Region	16,373,297	11,865,894	1,111,833	261,125	133,642	295,231	32,032
Cincinnati (See (d) below)	3,604,557	2,446,376	222,315	43,392	24,092	5,930	5,930
Cleveland (See (d) below)	4,869,324	3,352,459	287,238	33,529	40,487	5,531	4,686
Detroit (Michigan)	1,878,624	1,244,081	187,831	33,529	20,475	24,665	3,199
Indianapolis (Indiana)	1,759,935	1,163,189	101,644	15,744	18,292	24,665	3,199
Louisville (Kentucky)	911,777	609,069	50,866	8,322	8,015	13,350	1,446
Parkerville (West Virginia)	18,247,952	11,858,691	1,214,463	277,158	173,658	290,366	46,401
Midwest Region	16,373,297	11,865,894	1,111,833	261,125	133,642	295,231	32,032
Aberdeen (South Dakota)	409,233	245,302	26,418	4,140	5,036	8,197	1,253
Chicago (See (b) below)	5,047,331	3,424,429	317,124	93,559	51,747	6,960	1,253
Des Moines (Iowa)	1,605,495	1,110,074	134,969	31,371	16,372	10,940	7,049
Fargo (North Dakota)	415,798	241,376	36,330	4,002	4,427	1,586	5,927
Milwaukee (Wisconsin)	2,754,334	1,780,881	182,540	46,189	21,800	46,339	6,887
Omaha (Nebraska)	1,580,426	980,489	125,058	11,122	17,195	3,303	3,303
St. Louis (Missouri)	2,769,416	1,788,088	186,705	36,486	24,594	47,405	5,679
St. Paul (Minnesota)	2,281,418	1,490,430	135,368	25,561	21,180	38,962	5,478
Springfield (See (b) below)	15,729,675	10,059,409	896,050	148,522	172,373	241,234	24,590
Southeast Region	17,121,978	11,860,925	1,179,029	345,139	137,598	456,122	40,699
Aberdeen (New Mexico)	632,372	416,718	32,869	4,723	5,163	7,021	7,021
Albuquerque (See (f) below)	4,010,725	2,646,336	204,502	38,192	44,456	52,632	5,292
Austin (Texas)	2,607,966	1,529,969	17,358	2,460	3,383	4,409	4,409
Cheyenne (See (f) below)	3,133,047	1,948,968	182,700	38,192	44,456	52,632	5,292
Dallas (See (f) below)	1,586,707	1,007,691	96,730	19,615	21,067	30,725	2,791
Denver (Colorado)	1,110,777	720,354	61,863	6,734	10,853	18,638	1,321
Little Rock (Arkansas)	1,921,715	1,253,603	102,085	8,575	12,882	36,296	1,978
New Orleans (Louisiana)	1,548,387	986,793	95,582	13,742	15,566	24,264	3,274
Oklahoma City (Oklahoma)	1,418,633	873,377	103,291	15,924	13,483	21,116	4,232
Wichita (Kansas)	21,088,796	13,767,141	1,346,799	235,625	248,404	308,612	36,690
Western Region	16,373,297	11,865,894	1,111,833	261,125	133,642	295,231	32,032
Anchorage (Alaska)	233,465	149,379	6,264	943	3,190	3,781	152
Boise (Idaho)	487,514	304,547	28,674	3,498	5,995	8,325	896
Bozeman (Montana)	485,944	287,213	31,482	4,555	5,812	9,924	1,165
Honolulu (Hawaii)	536,202	326,721	31,724	4,203	5,618	11,771	812
Los Angeles (See (a) below)	7,812,358	5,151,374	497,558	91,374	93,851	114,778	13,219
Phoenix (Arizona)	1,256,560	829,355	61,588	15,737	11,539	20,008	1,918
Portland (Oregon)	1,532,196	987,184	94,965	16,156	17,788	24,423	2,628
Reno (Nevada)	402,138	266,417	19,338	4,222	4,402	7,788	401
Salt Lake City (Utah)	655,713	432,443	29,070	8,202	8,039	12,416	778
San Francisco (See (a) below)	5,478,371	3,583,672	385,269	61,850	68,011	62,365	10,646
Seattle (Washington)	2,207,315	1,406,336	140,457	24,226	24,059	34,011	3,447
San Francisco (See (a) below)	654,847	407,631	46,885	943	329	3,167	707
Office of International Operations	256,678	72,725	11,216	74	39	375	37
Puerto Rico	397,969	334,906	37,649	869	290	2,792	670
Totals for States not shown above	13,290,729	8,745,046	883,227	152,983	161,862	177,163	23,865
(a) California	6,820,201	4,582,361	444,403	69,127	100,454	159,968	16,968
(b) Illinois	10,947,462	6,883,892	687,132	181,949	67,501	309,326	26,319
(c) New York	6,204,216	4,217,935	74,858	12,293	43,404	89,964	11,046
(d) Ohio	6,273,034	4,622,742	442,187	125,293	50,819	73,756	11,531
(e) Pennsylvania	7,210,772	4,645,904	387,282	77,063	89,191	97,629	9,792
(f) Texas							

Column contents:

- (2) Includes Forms 1040, 1040A, 1040NR, 1040SS-PR, 1040C, and 1042.
 (3) Form 1040ES
 (4) Form 1041
 (5) Form 1065
 (6) Includes Forms 1120, 1120 Specials (Sched. PH, 1120L, 1120M), 1120S, 1120-DISC, 1120 POL, and 1120F
 (7) Includes Forms 706 and 706NA
 (8) Form 709
 (9) Includes Forms 940, 940PR, 941, 941PR & SS, 941E, 941M, 942, 942PR, 943, 943PR, CT-1, and CT-2
 (10) Includes Forms 990, 990PF, 990T, 990C, 5227 and 4720
 (11) Includes Forms 5500, 5500C, 5500K, 4848, 4848A, 990P
 (12) Includes Forms 7, 8, 11, 4705, 4706, 4707, and 4708, Alcohol Excise Tax Returns, Tobacco Excise Tax Returns.
 (13) Includes Forms 720, 720M, 730, 2290, 116, 11C, 3780, 3780A, and 4838.
 (14) Includes Forms 1040X, 1120X, 2668, 4868, 7004, Tent. 1120, and M, 7005, 990AR, 4578, 5300 Series, 5329 and 1041A and 2438.

Table 7.—Number of returns filed, by Internal Revenue regions, districts, States, and other areas.—Continued.

Internal revenue regions, districts, States and other areas (States represented by single districts indicated in parentheses; total for other States shown at bottom of table.)	Gift tax (8)	Employment taxes (9)	Exempt Organization (10)	Employee Plans (11)	ATF Returns (12)	Excise taxes (13)	(14)
United States, total	302,464	24,677,380	474,199	781,505	511,855	880,214	3,986,525
North-Atlantic Region	44,062	3,700,351					
Albany (See (c) below)	2,152	206,102		97,919	57,191	84,332	575,474
Augusta (Maine)	1,439	133,182		4,451	5,131	6,825	27,716
Boston (Massachusetts)	7,955	631,555		2,360	3,923	8,325	26,767
Brooklyn (See (c) below)	6,825	705,828		17,242	7,821	6,650	16,886
Buffalo (See (c) below)	5,517	441,078		17,063	7,821	15,558	94,922
Burlington (Vermont)	810	441,078		13,487	10,745	11,417	119,393
Hartford (Connecticut)	6,226	390,985		1,280	1,905	15,616	68,138
Manhattan (See (c) below)	11,180	896,583		11,018	6,543	2,289	8,068
Providence (Rhode Island)	1,060	102,912		26,443	7,673	9,810	65,135
Mid-Atlantic Region	35,771	3,248,279	454,378	284,541	58,311	139,094	15,587
Baltimore (Maryland & D.C.)	6,826	538,271		762	9,295	14,144	490,830
Newark (New Jersey)	10,294	915,319		21,929	12,640	22,206	156,629
Philadelphia (See (c) below)	7,361	519,364		9,373	14,148	24,968	99,765
Pittsburgh (See (c) below)	3,605	418,908		800	9,036	18,524	99,765
Richmond (Virginia)	6,225	556,674		9,299	10,906	17,406	108,040
Wilmington (Delaware)	1,060	116,539		62	1,286	2,473	10,879
Southeast Region	42,500	3,842,068	953	39,273	75,059	123,387	558,977
Atlanta (Georgia)	6,502	607,855		4,942	9,914	14,236	82,828
Birmingham (Alabama)	3,776	339,823		2,400	2,227	20,276	44,813
Columbia (South Carolina)	3,109	321,072		2,227	7,444	11,782	34,755
Greensboro (North Carolina)	6,088	645,444		2,200	9,936	18,524	99,765
Jackson (Mississippi)	2,233	261,244		1,640	12,623	21,602	79,586
Jacksonville (Florida)	16,568	1,124,059		8,195	11,300	31,630	215,544
Nashville (Tennessee)	4,124	486,471		12,175	18,826	25,576	11,300
Central Region	32,182	2,949,547	19,461	66,994	10,264	18,613	69,790
Cincinnati (See (d) below)	5,073	2,949,547	19,461	66,994	10,264	18,613	69,790
Cleveland (See (c) below)	7,070	621,514	8,671	10,639	9,348	126,206	496,700
Detroit (Michigan)	5,073	442,291	4,068	14,869	10,639	15,731	63,033
Indianapolis (Indiana)	6,321	829,505	6,722	16,869	12,807	23,347	120,963
Louisville (Kentucky)	6,370	517,194		11,517	17,592	33,867	144,255
Parkerville (West Virginia)	3,923	356,671		4,323	10,302	30,132	77,685
Midwest Region	1,425	802,792		4,323	10,302	48,953	117,733
Aberdeen (South Dakota)	60,862	3,029,292		4,323	10,302	48,953	117,733
Chicago (See (b) below)	2,027	823,442		143,673	6,118	7,358	23,586
Des Moines (Iowa)	13,739	823,442		2,491	2,587	148,304	570,313
Fargo (North Dakota)	9,584	374,289		43,713	15,344	13,131	18,863
Milwaukee (Wisconsin)	2,702	91,925		17,024	18,525	153,262	91,925
Omaha (Nebraska)	7,314	514,352		3,889	2,273	10,220	49,544
St. Louis (Missouri)	21,346	211,346		23,028	22,283	30,454	80,435
St. Paul (Minnesota)	7,291	523,456		5,405	4,778	22,306	34,783
Springfield (See (b) below)	5,183	423,337		17,779	16,826	13,750	80,732
Southeast Region	5,869	336,368		16,807	9,208	24,568	80,732
Albuquerque (New Mexico)	45,487	3,334,524		13,307	22,813	66,742	44,787
Austin (See (f) below)	1,410	134,550		43,894	64,727	14,084	44,787
Wyoming (See (f) below)	11,526	826,094		2,230	2,799	142,334	536,821
Dallas (See (f) below)	1,179	8,691		8,691	2,799	5,276	16,741
Denver (Colorado)	8,875	702,240		28,684	4,092	37,449	135,268
New Orleans (Arkansas)	4,910	309,758		9,090	12,441	22,322	10,695
Little Rock (Louisiana)	241,069	1,114,280		11,116	6,780	103,227	103,227
Oklahoma City (Oklahoma)	2,979	426,266		2,109	6,780	12,914	66,640
Wichita (Kansas)	4,948	324,587		3,706	11,936	14,223	27,357
Western Region	306,681	4,018,060		4,054	13,936	47,165	11,300
Anchorage (Alaska)	25,552	4,018,060		6,034	10,005	16,551	47,165
Boise (Idaho)	41,853	43,218		105,335	6,829	10,170	43,218
Honolulu (Hawaii)	1,313	104,826		861	1,781	754,086	754,086
Los Angeles (See (a) below)	2,608	108,266		2,422	3,689	4,202	19,582
San Francisco (See (a) below)	5,076	93,875		2,400	2,171	7,411	10,796
Portland (Oregon)	11,143	329,878		2,574	2,574	2,670	2,670
Portland (Oregon)	3,124	1,509,188		34,592	1,437	2,757	21,600
Reno (Nevada)	3,963	284,612		5,753	5,306	34,847	238,733
San Francisco (See (a) below)	1,809	73,006		9,989	4,234	4,234	4,234
Seattle (See (a) below)	1,307	1,013,475		1,792	6,587	17,192	67,306
Seattle (See (a) below)	4,321	1,013,475		2,703	5,604	16,343	16,343
Seattle (See (a) below)	4,321	1,013,475		2,703	5,604	16,343	16,343
International Operations	627	433,493		11,583	23,337	36,769	181,589
Guam	429	181,769		6	820	22,687	83,472
Puerto Rico	87	171,551		6	311	158	7,479
Virgin Islands	578	12,218		6	9	846	7,136
Totals for States not shown above							
(a) California	21,515	2,522,663					
(b) Illinois	19,608	1,161,810		65,858	44,638	71,616	420,293
(c) New York	25,674	2,253,591		57,020	23,891	32,609	188,046
(d) Ohio	12,143	1,685,805		23,112	31,112	43,171	354,341
(e) Pennsylvania	10,966	1,160,872	12,739	27,508	27,508	43,402	156,290
(f) Texas	20,401	1,528,334		900	24,184	38,078	204,016
				17,785	39,125	59,771	238,691

Table 8.—Internal revenue collections, costs, employees, and U.S. population, 1947 through 1976

Fiscal Year	Operating cost (1)	Collections (2)	Cost of collecting \$100 (3)	Population (Thousands) (4)	Tax per capita (5)	Number of employees		
						Total (6)	National Office (7)	Field (8)
1947	203,916,822	39,108,385,742	0.52	144,698	270.28	52,830	4,771	48,059
1948	183,731,060	41,884,542,295	0.44	147,208	284.38	52,143	4,562	47,481
1949	209,205,715	40,463,125,019	0.52	149,767	270.17	52,266	4,554	47,712
1950	230,408,200	38,957,131,768	0.59	152,271	255.84	55,551	4,303	51,248
1951	245,869,538	50,445,686,315	0.49	154,878	325.71	57,795	4,030	53,765
1952	271,872,192	65,009,585,560	0.42	157,553	412.62	55,370	3,842	51,528
1953	268,590,806	69,685,535,389	0.38	160,184	435.00	53,463	3,634	49,829
1954	268,969,107	69,919,990,791	0.38	163,026	428.89	51,411	2,707	48,704
1955	278,834,278	66,288,692,000	0.42	165,931	399.50	50,890	2,675	48,215
1956	299,894,710	75,112,649,000	0.40	168,903	444.71	50,682	2,583	48,099
1957	305,537,814	80,171,971,000	0.38	171,984	466.16	51,364	2,602	48,762
1958	337,428,789	79,976,476,484	0.42	174,862	457.33	50,816	2,638	48,178
1959	355,469,228	79,787,972,806	0.44	177,830	448.73	50,200	2,633	47,567
1960	363,735,359	91,774,802,823	0.40	180,671	507.96	50,199	2,702	47,497
1961	413,295,238	94,401,086,398	0.44	183,691	513.91	53,680	3,031	50,649
1962	450,080,420	99,440,838,245	0.45	186,538	533.09	56,510	3,357	53,153
1963	500,804,314	105,925,395,281	0.47	189,242	559.74	59,486	3,522	55,964
1964	549,692,131	112,250,257,115	0.49	191,689	585.03	59,357	3,753	55,604
1965	597,387,471	114,434,633,721	0.52	194,303	586.95	60,360	3,790	56,570
1966	624,861,929	128,879,961,342	0.48	196,560	655.68	61,689	3,816	57,873
1967	667,060,295	148,374,814,552	0.45	198,712	746.68	65,122	4,060	61,062
1968	699,190,304	153,636,837,685	0.46	200,706	765.48	65,177	4,138	61,039
1969	756,785,475	187,919,559,686	0.40	202,677	927.19	64,507	4,037	60,470
1970	886,159,162	195,722,096,497	0.45	204,878	955.31	66,098	4,356	61,742
1971	981,065,297	191,647,198,138	0.51	207,053	925.63	68,987	4,521	64,466
1972	1,127,390,411	209,855,736,878	0.54	208,846	1,004.83	74,086	4,823	69,263
1973	1,162,009,945	237,767,204,058	0.49	210,410	1,130.11	71,846	4,646	67,200
1974	1,312,894,661	268,952,253,663	0.49	211,901	1,269.24	78,233	4,685	73,548
1975	1,584,711,486*	263,822,725,772	0.54	213,540	1,375.96	82,266	4,960	77,306
1976	1,667,311,689*	302,519,791,922	0.56	215,118	1,406.30	85,712	4,944	80,768

*This figure represents actual IRS operating costs for FY 1975, 1976, exclusive of reimbursements received from other agencies for services performed. While the operating cost figures for fiscal year prior to 1975 may in some cases include reimbursements, those amounts are sufficiently small so as not to alter the cost figures in column 3.

Table 9.—Number of returns examined by class of tax and by internal revenue regions, districts, and other areas

Region, service center, and district	Total	Individual	Fiduciary	Corporation	Estate	Gift	Excise	Employment	Exempt Organization	Employee Plans
Total	2,546,419	2,022,028								
North-Atlantic	2,546,419	2,022,028	18,734	167,753	48,022	12,941	88,797	131,870	16,635	29,633
Mid-Atlantic	460,345	357,118	1,388	23,911	5,685	1,830	13,572	16,004	2,734	7,449
Southeast	324,420	252,912	2,322	37,055	9,343	2,335	13,572	16,004	2,734	7,449
Central	381,991	311,408	1,594	20,219	6,289	1,830	9,525	17,263	2,698	5,440
West	260,335	194,180	1,920	23,025	5,284	1,229	13,098	20,037	2,374	7,449
Southwest	275,684	199,769	3,301	20,219	5,284	1,229	13,098	20,037	2,374	7,449
Western	262,016	199,217	2,321	17,330	5,208	1,257	15,364	18,037	2,759	2,871
International Operations	552,754	475,963	2,877	23,136	5,208	1,857	15,413	20,387	1,886	1,787
North-Atlantic Region:	26,974	22,161	11	881	385	41	431	3,064	1,953	2,154
Albany	20,052	17,190	146	831	310	65	784	726	—	—
Augusta	10,936	8,023	57	586	222	56	699	993	—	—
Boston	57,670	41,577	1,121	4,988	2,044	259	2,971	2,441	1,094	2,007
Brooklyn	119,231	103,244	288	5,477	2,222	453	3,208	448	1,979	—
Buffalo	46,083	37,014	399	3,655	1,110	351	1,621	1,930	—	—
Burlington	6,887	5,792	35	78	352	88	256	356	—	—
Hartford	36,291	28,878	480	3,235	1,290	280	2,569	1,559	—	—
Portsmouth	114,636	82,835	830	15,712	2,829	787	2,201	3,854	1,192	3,510
Providence	11,098	9,044	66	1,136	52	257	709	709	—	—
Andover Service Center	14,641	13,590	80	1,085	109	52	269	226	—	—
Brookhaven Service Center	15,682	14,880	—	—	—	—	1,051	802	—	—
Mid-Atlantic Region:	62,750	48,472	479	3,898	966	357	1,571	3,291	1,341	2,353
Baltimore	67,037	66,155	613	8,299	1,994	396	2,244	447	1,316	2,575
Philadelphia	76,357	62,310	514	5,877	965	396	2,244	447	1,316	2,575
Pittsburgh	35,719	25,042	322	3,199	973	284	1,965	2,812	1,041	1,506
Richmond	47,715	39,105	274	2,971	872	223	1,585	2,812	—	—
Wilmington	6,103	3,176	120	1,707	147	88	315	585	—	—
Philadelphia Service Center	8,739	8,652	—	—	—	—	87	—	—	—
Southwest Region:	58,232	42,954	211	2,664	824	378	2,717	3,240	1,425	3,819
Atlanta	30,373	24,721	249	3,505	1,363	211	1,096	1,425	—	—
Birmingham	27,229	22,768	249	1,505	363	63	847	1,594	—	—
Columbia	54,150	43,130	201	4,438	386	211	2,807	3,393	—	—
Jackson	24,943	19,902	106	1,301	350	131	1,185	1,968	—	—
Jacksonville	116,315	94,055	568	7,228	3,014	1,029	3,865	4,017	949	1,590
Nashville	44,156	35,583	162	2,321	600	214	1,389	3,599	—	—
Atlanta Service Center	13,400	13,269	—	—	—	—	111	—	—	—
Memphis Service Center	15,093	15,006	—	—	—	—	87	—	—	—
Central Region:	34,878	24,843	278	3,500	701	128	1,453	2,418	748	809
Cincinnati	56,488	38,536	491	6,334	1,344	408	3,318	4,286	700	1,041
Cleveland	83,636	68,548	276	7,725	1,152	281	3,688	5,000	743	1,041
Indianapolis	37,355	28,580	280	2,428	1,271	281	2,095	2,488	—	—
Louisville	23,734	18,490	218	1,738	627	146	1,114	1,401	—	—
Parkersburg	9,988	7,106	77	1,299	199	54	449	802	—	—
Cincinnati Service Center	9,056	8,075	—	—	—	—	981	—	—	—
Midwest Region:	5,332	4,053	32	328	255	75	148	441	—	—
Chicago	82,428	60,930	1,614	8,897	2,043	453	3,063	4,809	927	1,692
Des Moines	20,415	12,404	220	1,887	1,401	268	2,140	2,095	—	—
Fargo	5,088	3,910	39	142	315	95	168	419	—	—
Milwaukee	30,939	21,510	304	2,829	96	168	1,185	1,968	—	—
Omaha	14,018	9,686	174	861	711	388	1,817	3,700	733	757
St. Louis	45,892	33,426	338	3,606	1,178	341	1,135	1,053	—	—
St. Paul	34,443	24,357	223	2,088	902	222	1,475	2,917	1,099	960
Springfield	16,507	14,124	357	1,496	794	128	1,676	2,047	—	—
Kansas City Service Center	20,622	15,159	—	—	—	—	—	—	—	—
Southwest Region:	7,897	6,059	40	483	131	67	365	752	—	—
Albuquerque	65,285	49,693	635	4,814	1,253	467	2,450	3,767	1,163	1,044
Austin	2,754	1,901	26	286	99	15	216	211	—	—
Dallas	52,546	38,476	636	3,153	1,190	155	1,413	3,744	703	722
Denver	21,814	16,240	216	1,342	570	157	1,413	1,976	—	—
Little Rock	16,017	12,416	80	1,047	237	80	1,329	828	—	—
New Orleans	33,864	26,011	142	2,088	523	199	1,495	3,098	—	—
Oklahoma City	23,716	17,214	230	2,189	627	239	1,682	1,535	—	—
Wichita	24,921	17,664	316	1,620	578	138	2,478	2,127	—	—
Austin Service Center	13,101	12,543	—	—	—	—	—	—	—	—
Western Region:	7,083	5,590	—	—	—	—	—	—	—	—
Anchorage	8,199	6,758	34	307	49	8	579	550	—	—
Boise	9,773	8,075	51	367	145	41	422	432	—	—
Helena	9,889	8,161	60	578	155	32	437	445	—	—
Honolulu	245,560	217,709	943	9,618	3,260	469	3,882	7,458	791	1,432
Los Angeles	29,171	25,811	140	1,273	406	82	680	779	—	—
Phoenix	22,154	17,485	146	1,393	429	132	924	1,645	—	—
Portland	12,998	10,572	86	873	92	27	603	482	—	—
Reno	13,103	10,644	114	906	143	37	1,089	828	—	—
Salt Lake City	127,250	107,886	968	5,063	2,004	266	5,088	6,835	678	454
San Francisco	32,602	23,959	317	2,241	625	97	1,647	2,962	464	270
Seattle	15,583	14,470	—	—	—	—	—	—	—	—
Ogden Service Center	19,290	16,843	—	—	—	—	—	—	—	—
Fresno Service Center	—	—	—	—	—	—	—	—	—	—

Table 10.—Additional tax and penalties recommended after audit examination by class of tax, and by internal revenue regions, districts, and other areas. (In thousands of dollars)

Region, service center, and district	Total	Individual	Fiduciary	Corporation	Estate	Gift	Excise	Employment	Exempt Organization
Total	5,153,051	1,553,070	71,313	2,660,747	510,941	85,919	93,080	164,679	13,302
North-Atlantic	1,201,115	305,876	3,985	709,534	119,414	7,978	26,414	21,895	6,019
Atlantic	822,151	184,092	1,305	331,739	68,024	6,085	14,262	14,057	587
Mid-Atlantic	822,560	279,023	12,116	224,415	67,354	8,865	8,742	21,854	191
Southeast	529,333	144,583	925	287,562	59,822	6,179	10,168	18,232	743
Central	715,192	154,670	16,335	405,915	64,804	35,546	6,022	30,405	1,445
Midwest	642,512	158,776	14,875	324,296	75,091	15,743	16,444	33,124	4,163
Southwest	756,718	292,653	18,548	357,456	53,522	5,337	10,662	18,266	154
Western	64,469	33,395	3,173	17,819	2,811	186	346	6,748	—
International Operations	—	—	—	—	—	—	—	—	—
North-Atlantic Region:	38,006	8,777	93	25,309	3,072	143	207	405	—
Albany	12,420	3,981	35	6,183	1,008	212	309	692	—
Augusta	141,675	38,855	1,326	74,776	18,464	1,637	768	5,717	132
Boston	123,153	52,848	426	35,114	20,201	1,382	9,524	2,703	955
Brooklyn	129,504	23,254	184	74,994	27,512	438	356	2,766	—
Buffalo	3,790	1,837	7	1,019	712	19	58	138	—
Burlington	122,667	16,670	1,164	90,956	10,564	746	409	2,158	—
Hartford	562,433	106,197	686	389,515	36,711	3,255	14,411	6,727	4,931
Manhattan	9,180	4,432	26	3,780	656	84	43	159	—
Portsmouth	13,264	4,110	39	7,838	513	62	222	430	—
Providence	20,348	20,274	—	—	—	—	—	—	—
Andover Service Center	24,674	24,641	—	—	—	—	—	—	—
Brookhaven Service Center	—	—	—	—	—	—	—	—	—
Mid-Atlantic Region:	98,841	35,442	376	47,486	8,019	2,445	904	3,728	441
Baltimore	47,953	12,828	212	107,717	28,926	1,036	7,014	2,892	67
Newark	162,894	35,556	545	106,181	13,092	848	3,836	2,755	79
Philadelphia	70,955	21,658	74	36,037	6,720	578	2,796	1,588	—
Pittsburgh	60,634	22,245	91	24,995	9,807	838	1,070	1,568	—
Richmond	15,349	3,585	8	9,323	1,461	339	334	299	—
Wilmington	18,353	18,342	—	—	—	—	—	—	—
Philadelphia Service Center	—	—	—	—	—	—	—	—	—
Southeast Region:	101,679	28,886	382	52,701	8,809	682	4,550	5,516	153
Atlanta	37,869	20,157	255	11,283	3,458	1,225	535	952	—
Birmingham	40,228	16,959	18,801	1,865	270	449	973	—	—
Columbia	75,019	27,699	39	36,456	6,708	1,009	656	2,242	—
Greensboro	33,030	14,060	118	10,429	5,264	1,915	327	917	—
Jackson	207,879	92,864	10,777	61,160	1,879	1,761	9,050	38	—
Jacksonville	76,504	27,941	434	33,576	10,101	1,882	367	2,203	—
Nashville	23,450	23,359	—	—	—	—	—	—	—
Atlanta Service Center	26,905	26,900	—	—	—	—	—	—	—
Memphis Service Center	—	—	—	—	—	—	—	—	—
Central Region:	66,698	12,769	103	43,610	6,218	743	1,025	1,612	600
Cincinnati	161,310	23,028	219	112,455	9,773	1,459	3,049	11,219	108
Cleveland	117,449	43,718	167	46,587	18,092	780	3,419	2,648	28
Detroit	91,229	22,153	237	48,843	13,941	2,548	1,877	1,630	—
Indianapolis	51,495	13,884	188	27,824	7,608	596	837	—	—
Louisville	20,831	9,853	11	6,252	4,291	53	87	284	—
Parkersburg	19,321	19,178	—	—	—	—	—	—	—
Cincinnati Service Center	—	—	—	—	—	—	—	—	—
Midwest Region:	6,505	2,974	7	1,997	1,199	151	40	137	120
Aberdeen	332,691	61,313	14,965	228,891	16,700	1,109	3,278	6,315	—
Chicago	31,138	7,021	131	11,275	10,299	406	624	1,102	—
Des Moines	5,610	2,134	43	954	1,840	261	29	349	—
Fargo	60,371	11,074	33	40,850	4,253	627	472	3,062	—
Milwaukee	50,886	6,172	54	26,935	4,061	10,948	139	2,577	—
Omaha	81,485	17,600	805	36,292	11,787	1,151	471	12,653	729
St. Louis	82,401	13,906	126	36,273	7,539	20,535	312	3,111	599
St. Paul	41,840	10,303	222	22,448	7,125	277	368	1,097	—
Springfield	22,262	22,173	—	—	—	—	—	—	—
Kansas City Service Center	—	—	—	—	—	—	—	—	—
Southwest Region:	9,273	5,879	19	1,497	1,194	190	332	162	649
Albuquerque	236,989	37,463	1,551	158,201	29,142	5,145	1,901	2,917	—
Austin	6,368	3,615	—	540	772	229	1,159	53	—
Cheyenne	118,412	35,365	11,561	33,230	15,564	7,680	3,331	6,166	—
Dallas	37,153	9,318	381	17,725	5,338	222	771	1,420	—
Denver	22,825	7,748	124	10,080	3,449	264	2,039	1,180	—
Little Rock	63,871	17,034	740	35,238	6,566	1,014	684	1,324	—
New Orleans	83,731	11,752	184	42,684	5,872	831	2,155	17,512	—
Oklahoma City	54,758	12,514	316	24,901	7,192	168	63	—	—
Wichita	19,151	19,088	—	—	—	—	—	—	—
Austin Service Center	—	—	—	—	—	—	—	—	—
Western Region:	8,828	3,904	—	2,567	271	38	1,712	336	—
Anchorage	7,759	2,706	29	3,734	1,002	30	81	177	—
Boise	9,621	4,801	18	3,121	1,201	60	148	272	—
Helena	16,914	5,515	141	9,133	1,063	108	46	808	—
Honolulu	269,537	108,168	587	126,941	20,425	1,347	4,179	7,821	—
Los Angeles	26,562	13,167	35	9,574	2,902	213	263	408	—
Phoenix	36,060	10,472	38	19,687	3,342	1,696	323	532	—
Portland	50,348	13,616	40	31,345	2,571	200	1,708	967	—
Reno	20,266	8,107	28	8,312	1,972	41	196	1,610	—
Salt Lake City	204,987	53,298	16,961	118,938	11,282	529	1,050	2,829	60
San Francisco	55,172	18,332	681	24,125	7,491	1,075	737	2,707	24
Seattle	23,128	23,081	—	—	—	—	—	—	—
Ogden Service Center	27,539	27,388	—	—	—	—	—	—	—
Fresno Service Center	—	—	—	—	—	—	—	—	—

Table 11.—Appellate Division receipts and dispositions of cases not before the Tax Court (nondocketed cases)

A. Progress of work

Status	FY 1976		
	Number of cases	Amount stated in revenue agent's report (thousand dollars) Deficiency and penalty	Overassessment
Pending July 1	(1)	(2)	(3)
Received	19,688	3,914,139	191,604
	19,754	1,502,861	42,815
Disposed of, total	19,496	1,464,819	44,732
By agreement	—	—	—
Unagreed (Overassessment, claims, excise, employment, and offer-in-compromise rejections)	13,802	1,058,830	40,319
By taxpayer default on statutory notice	1,992	38,864	4,413
By petition to the Tax Court—transferred to docketed status	2,977	57,866	—
Pending June 30	19,946	3,951,981	189,687

B. Results obtained in dispositions

Method	FY 1976		
	Number of cases	Appellate determination (thousand dollars) Deficiency and penalty	Overassessment
Disposed of, total	(1)	(2)	(3)
By agreement	19,496	850,354	66,677
Unagreed (Overassessments, claims, excise, employment, and offer-in-compromise rejections)	13,802	467,945	59,759
By taxpayer default on statutory notice	1,992	37,692	6,916
By petition to the Tax Court—transferred to docketed status	725	53,509	—
	2,977	291,206	—

Table 12.—Appellate Division receipt and disposition of income, estate and gift tax cases petitioned to the Tax Court (docketed cases)

A. Progress of work

Status	FY 1976		
	Number of cases	Amount stated in statutory notice (thousand dollars) Deficiency and penalty	Overassessment
Pending July 1	(1)	(2)	(3)
Received, total	15,263	2,086,831	—
Petitions filed in response to—	11,360	783,687	Not Applicable
District Directors' statutory notices	8,723	515,289	—
Appellate Division's statutory notices ¹	2,637	268,398	—
Disposed of, total	9,800	490,487	—
By stipulated agreement	—	—	—
By dismissal by the Tax Court or taxpayer default	7,007	379,422	—
Tried before the Tax Court on the merits	1,186	15,564	Not Applicable
	1,407	95,501	—
Pending June 30	17,023	2,380,031	—

¹ Difference from table 13, transferred to docketed status is caused by excluding district directors' statutory notices considered by Appellate in 90-day status.

B. Results obtained in dispositions

Method	FY 1976		
	Number of cases	Appellate determination (thousand dollars) Deficiency and penalty	Overassessment
Disposed of, total	(1)	(2)	(3)
By stipulated agreement	—	224,747	—
By dismissal by the Tax Court or Taxpayer default	7,007	114,549	Not Applicable
Tried before the Tax Court on the merits ¹	1,186	14,697	—
	1,407	95,501	—

¹ Represents amounts petitioned

Table 13.—Appellate Division processing of all cases for 1975-1976
(Income, estate, gift, excise, employment, and offers-in-compromise)

Status	Number of cases	
	1975	1976
Pending July 1	35,139	34,851
Received	29,835	31,114
Disposed of, total	30,027	29,096
By agreement	22,506	20,811
Unagreed: (Overassessments, claims, excise, employment, and offers-in-compromise rejections)	1,979	1,924
By taxpayer default on statutory notice or dismissal by Tax Court	1,893	1,979
By petition to the Tax Court	2,682	2,975
Tried in the Tax Court	967	1,407
Pending June 30	34,947	36,969

Table 14.—District conference activity

	FY 1976	
	Revenue Agents	Tax Auditors
Cases pending July 1	8,186	6,912
Cases received	20,423	30,381
Conference completed	19,427	28,994
Number agreed	12,627	22,566
Agreed as a percent of total	65.0	77.8
Cases pending June 30	9,182	8,299
Total	15,098	50,804

Table 15.—Overassessments of tax exclusive of claims for refund

	Number		Amount Recommended (thousand dollars)	
	1975	1976	1975	1976
Total	122,399	137,455	\$302,797	\$290,511
Individual	96,766	108,749	69,252	96,041
Fiduciary	520	1,649	2,666	7,298
Corporation	11,464	11,807	185,823	133,409
Estate	5,902	6,127	34,406	33,441
Gift	965	679	1,694	1,821
Excise	4,145	4,922	6,708	7,594
Employment	2,637	3,522	2,248	11,107

Table 16.—Work flow in the Internal Revenue Service and the courts, fiscal years 1975 and 1976

Returns	1975	1976
	RETURNS	RETURNS
Tax returns filed, total	126,046,734 ¹	127,348,211
Individual income tax	64,004,525	62,755,521
Declaration of estimated tax	7,543,339	7,844,411
Fiduciary	1,514,194	1,610,306
Partnership	1,137,961	1,143,213
Corporation income tax	2,111,731	2,144,036
Estate tax	215,918	236,482
Gift tax	200,094	302,484
Employment taxes	24,756,630	24,677,380
Exempt Organization	374,200	474,199
Employee Plans	1,103,504	781,505
ATF Returns	602,459	511,955
Excise Taxes	824,557	880,214
Supplemental Documents	1,599,652	3,986,525
1 The classification of returns has been changed from prior reports. The Supplemental Documents category in 1976 includes returns not previously counted, in addition it includes Form 1040X which increases the 1975 Grand Total by 931,634.		
Income, Estate and Gift Tax		
Number of returns examined by Audit Division	2,171,923	2,269,478
Returns with adjustment proposed by Audit Division	1,667,492	1,772,307
Disposed of by Audit Division		
Agreed, paid or defaulted	1,625,147	1,726,049
Transferred to Appellate	26,624	30,141
Other	13,721	16,117
Number of returns examined by Exempt Organization Division	22,158	18,635
Returns with adjustments proposed by Exempt Organization Division	6,247	3,044
Number of returns examined by Employee Plans Division	65,562	29,639
Returns with adjustments proposed by Employee Plans Division	6,225	7,169
Civil Tax Cases		
Courts of Original Jurisdiction Tax Court:		
Total Petitioned to Tax Court	11,206	11,360
Dismissed	1,143	1,209
Settled by Stipulation	6,438	7,070
Closed by Tax Court decision	869	1,210
Decided by Tax Court, but appealed	265	299
Total filed in District Courts and Court of Claims	1,018	1,033
Settled in District Courts and Court of Claims	500 ¹	532
Decided by District Courts and Court of Claims	414	402
Courts of Appeals:		
Settled by Courts of Appeals decision	358	299
Favorable to taxpayer	250	231
Decided by Court of Appeals but reviewed by Supreme Court	3	56
Supreme Court:		
Settled by Supreme Court decision	—	1
Fraud Cases		
Cases Initiated by Intelligence Division	8,268	9,035
Disposed of by Intelligence Division:		
Prosecution recommended	2,750	3,147
Prosecution not recommended	5,517	5,889
Disposed of by Office of Chief Counsel:		
Prosecution not warranted, including cases declined by the Department of Justice	381	569
Prosecutions	1,397	2,037

¹ Revised

Table 17.—Amounts of revenue involved at each level of the tax system, fiscal years 1975 and 1976

Item	(millions of dollars)	
	1975	1976
Internal revenue collections, total	293,823	302,520
Individual income taxes, total	156,399	158,969
Withholding	122,103	123,441
Other	34,296	35,528
Corporation income taxes	45,747	46,783
Estate and gift taxes	4,688	5,307
Employment taxes	70,141	74,203
Excise taxes	16,448	17,258
Income, Estate, and Gift Taxes		
Civil Cases		
Tax and penalties determined by settlement in Tax Court	114	115
Tax and penalties determined by Tax Court decisions:		
Dismissed	11	15
Decisions on merits	21	42
Tax and penalties determined in cases decided by the Supreme Court and Courts of Appeals		
Amount in dispute but not refunded to taxpayers as a result of final action on refund suits	75	64
1 Reflects amount determined in all Tax Court decisions, including those subsequently appealed.		
Fraud Cases		
Deficiencies and penalties in cases disposed of in Intelligence Divisions:		
Prosecution recommended	235	609
Prosecution not warranted	7	11

Table 18.—Determination letters issued on pre-ERISA* employee benefit plans, fiscal year 1976.

Item	Profit-sharing and stock bonus plans		Pension or annuity plans		Self-employed		Total
	1975	1976	1975	1976	1975	1976	
Determination letters issued with respect to—							
1. Initial qualification	5,907	5,865	423	12,196			
a. Plans approved	66	106					
b. Plans disapproved	70,577	254,078	1,943	326,398			
2. Termination	5,263	7,065	67	12,415			
3. Amendments	2,354	5,602	99	8,055			
4. Investments	29	23	—	52			

*Employment Retirement Income Security Act of 1974.

Table 18A.—Determination letters issued on ERISA* employee benefit plans, fiscal year 1976.

Item	Defined Contribution		Defined Benefit		Total
	1975	1976	1975	1976	
Determination letters issued with respect to—					
1. Initial qualification	7,613	426	8,039		
a. Plans approved	0	0			
b. Plans disapproved	140,001	9,930	149,931		
2. Termination	0	0			
3. Amendments	4,518	392	4,910		

*Employment Retirement Income Security Act of 1974.

Table 19.—Earned Income Credits January - June 1976 (Tax Reduction Act of 1975)
(Amount in thousands of dollars)

Internal revenue regions, districts, States and other areas (States represented by single districts indicated in parentheses; totals for other States shown at bottom of table)	TOTAL EARNED INCOME CREDITS ¹		NEW FILERS WITH EIC AND ZERO TAX LIABILITY ²		APPLICATION OF EARNED INCOME CREDITS ³					
	APPLIED TO 1975 LIABILITY		REFUNDED		OFFSET-FROZEN ⁴					
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
United States, total	5,976,793	1,212,702	377,079	85,443	3,065,328	339,568	4,150,123	860,031	87,386	13,103
North-Atlantic Region	697,614	137,988	42,418	9,897	35,853	38,569	474,176	97,539	11,347	1,680
Albany (See (c) below)	45,147	8,905	1,904	423	23,116	2,548	31,057	6,269	593	86
Augusta (Maine)	36,203	7,429	286	68	20,566	2,309	26,136	5,223	581	71
Boston (Massachusetts)	115,402	22,644	6,481	1,382	54,648	5,917	80,907	16,403	1,006	244
Brooklyn (See (c) below)	151,538	30,388	12,109	2,925	75,671	8,164	102,968	21,646	3,217	577
Buffalo (See (c) below)	104,641	22,530	4,229	902	53,725	5,904	71,833	14,464	1,156	162
Burlington (Vermont)	14,840	2,913	563	116	8,014	936	10,245	1,945	259	32
Hartford (Connecticut)	70,486	13,724	4,526	996	35,709	3,812	47,492	9,751	941	160
Manhattan (See (c) below)	111,951	22,456	9,174	2,234	61,290	6,506	72,894	15,478	2,475	472
Portsmouth (New Hampshire)	21,143	4,028	762	159	11,650	1,263	13,730	2,730	268	35
Providence (Rhode Island)	24,261	4,798	1,261	273	11,562	1,211	17,114	3,550	749	38
Mid-Atlantic Region	688,697	136,454	35,888	7,818	363,160	39,848	482,269	95,305	8,709	1,301
Baltimore (See (g) below)	76,229	15,232	3,471	802	31,723	3,491	50,569	10,589	576	127
Newark (New Jersey)	157,878	31,263	10,929	2,436	78,806	8,354	108,814	22,512	2,384	367
Philadelphia (See (e) below)	164,971	32,335	7,504	1,631	87,559	9,727	109,665	22,316	1,939	293
Pittsburgh (See (e) below)	93,851	18,169	4,096	806	49,095	5,370	63,003	12,675	932	145
Richmond (Virginia)	141,544	28,747	6,158	1,365	78,029	8,575	95,498	19,945	1,711	227
Washington DC (See (g) below)	39,173	7,674	2,698	606	22,316	2,459	24,592	5,126	572	89
Wilmington (Delaware)	15,251	3,034	752	165	8,124	873	10,128	2,133	203	28
Southeast Region	1,271,037	267,544	81,103	18,612	646,818	72,326	802,463	162,832	17,819	2,588
Atlanta (Georgia)	203,877	43,377	14,219	3,280	101,331	11,392	146,476	31,597	2,717	388
Birmingham (Alabama)	146,941	31,633	10,324	2,301	71,233	7,841	107,916	23,445	1,732	248
Columbia (South Carolina)	118,782	24,881	6,538	1,505	59,725	6,522	84,181	16,140	1,563	229
Greensboro (North Carolina)	229,106	47,665	9,510	2,143	125,239	14,186	157,569	33,073	3,110	405
Jackson (Mississippi)	109,822	24,256	12,925	3,140	46,288	5,381	84,024	18,622	1,658	253
Jacksonville (Florida)	266,412	54,991	17,799	4,211	139,257	15,587	183,957	38,867	4,713	738
Nashville (Tennessee)	196,097	40,741	9,946	2,183	101,745	11,318	138,360	29,088	2,426	354
Central Region	769,275	153,543	38,699	7,844	388,742	42,584	534,488	109,758	8,678	1,221
Cincinnati (See (d) below)	122,526	24,159	5,450	1,152	62,756	6,727	83,133	17,216	1,562	216
Cleveland (See (d) below)	128,590	25,221	5,811	1,224	66,078	7,179	86,645	17,821	1,459	220
Detroit (Michigan)	185,349	36,463	9,383	1,954	87,921	9,451	131,569	26,706	2,174	307
Indianapolis (Indiana)	141,814	28,150	1,392	74,271	8,167	95,171	19,818	1,445	199	210
Louisville (Kentucky)	133,544	27,746	6,930	1,529	69,400	6,074	95,772	19,465	1,589	206
Parkersburg (West Virginia)	57,453	11,765	2,824	614	28,263	2,967	41,178	8,737	442	81
Midwest Region	682,530	134,533	7,842	1,642	380,944	44,677	457,654	95,708	7,987	1,153
Aberdeen (South Dakota)	23,185	4,550	908	197	15,226	1,962	15,345	2,545	185	123
Chicago (See (b) below)	162,732	31,722	11,821	2,658	81,480	8,690	109,759	22,633	2,385	399
Des Moines (Iowa)	59,091	11,434	495	1,021	29,409	3,261	36,959	6,772	584	16
Fargo (North Dakota)	16,373	3,135	653	138	11,076	1,386	10,345	1,751	131	18
Madison (Wisconsin)	87,616	17,017	3,302	659	49,488	5,934	58,945	10,955	928	128
Omaha (Nebraska)	36,771	7,091	1,304	294	23,409	2,669	29,298	4,183	336	43
St. Louis (Missouri)	151,285	31,051	8,475	1,845	80,840	9,406	106,153	21,380	1,636	254
St. Paul (Minnesota)	79,693	15,459	3,148	692	48,949	5,799	52,974	9,547	853	113
Springfield (See (b) below)	65,584	13,070	3,171	674	39,539	4,019	43,864	8,952	639	99
Southeast Region	947,043	198,950	71,910	16,699	481,570	53,667	670,029	141,320	12,854	1,864
Albuquerque (New Mexico)	50,035	10,137	4,332	910	22,414	2,390	37,230	7,647	695	100
Austin (See (f) below)	270,432	57,101	22,822	5,465	129,484	13,673	196,636	42,626	3,751	602
Cheyenne (Wyoming)	9,274	1,829	536	123	5,317	601	6,184	1,213	103	16
Dallas (See (f) below)	170,298	35,131	12,528	2,960	91,931	10,396	115,218	24,332	2,811	403
Denver (Colorado)	64,061	12,669	3,758	837	34,396	3,795	43,587	8,738	847	136
Little Rock (Arkansas)	99,160	20,991	6,563	1,543	50,731	5,854	71,026	14,843	1,365	194
New Orleans (Louisiana)	138,111	29,167	12,528	2,872	64,370	7,104	100,745	21,816	1,571	247
Oklahoma City (Oklahoma)	95,985	19,808	6,266	1,398	51,703	5,927	66,626	13,697	1,260	183
Wichita (Kansas)	51,687	10,118	2,577	591	31,224	3,627	32,797	6,408	553	83
Western Region	916,859	184,994	73,360	16,628	447,109	47,828	648,193	134,181	17,737	2,586
Anchorage (Alaska)	5,193	1,024	386	88	2,764	286	3,484	722	90	14
Boise (Idaho)	24,971	4,954	1,315	304	14,220	1,639	16,831	3,260	376	55
Helena (Montana)	22,002	4,423	1,241	269	12,444	1,457	15,055	2,923	315	42
Honolulu (Hawaii)	16,146	2,894	968	205	8,802	876	10,709	2,087	135	21
Los Angeles (See (a) below)	376,279	77,196	35,070	8,238	173,083	18,599	271,050	56,962	9,088	1,634
Phoenix (Arizona)	71,670	14,578	5,225	1,191	32,438	3,405	52,422	10,960	1,306	213
Portland (Oregon)	63,421	12,553	3,694	800	33,038	3,597	43,356	8,818	947	137
Reno (Nevada)	19,505	3,681	1,292	301	11,068	1,156	12,928	2,678	287	47
Salt Lake City (Utah)	29,791	5,898	1,625	358	15,466	1,656	20,472	4,198	371	54
San Francisco (See (a) below)	212,670	42,586	17,391	3,920	103,946	10,941	148,804	31,006	3,946	638
Seattle (Washington)	75,311	14,816	5,183	1,155	39,821	4,212	51,292	10,574	876	130
Office of International Operations	3,438	695	348	81	1,039	96	2,847	588	89	12
Puerto Rico	2,623	540	295	49	499	49	2,319	487	29	5
Other	815	155	53	11	431	47	528	101	40	7
Totals for District and States not shown above										
(a) California	586,949	119,784	52,461	12,158	277,009	29,540	419,654	87,971	13,034	2,273
(b) Illinois	228,316	44,792	14,992	3,332	116,999	12,709	153,723	31,585	3,004	497
(c) New York	413,277	82,279	27,416	6,494	213,804	23,122	278,552	57,857	7,441	1,299
(d) Ohio	251,116	49,578	11,261	2,376	128,634	13,906	169,778	35,937	3,028	436
(e) Pennsylvania	258,822	50,504	11,600	2,437	138,654	15,097	172,668	34,950	2,861	417
(f) Texas	440,730	92,232	35,350	8,426	221,415	24,269	311,854	66,958	6,362	1,005
(g) Baltimore District (Maryland & D.C.)	115,402	22,906	6,449	1,415	63,547	6,950	75,161	15,725	1,550	231

1. Includes Earned Income Credits claimed by taxpayers and more than a million responses to notices sent to and returned by taxpayers whose tax returns showed the characteristics of but did not claim Earned Income Credit on their tax return.
2. Includes taxpayers who filed solely to claim Earned Income Credit as well as those who received an Earned Income Credit notice because their return, filed as non-taxable or refundable, showed Earned Income Credit characteristics.
3. The number of Earned Income Credit applications exceeds the total number of such credits in column (1) because of dual application, i.e. partially refunded and partially applied to outstanding balance due. The amount of Earned Income Credit applications equals the amount shown in column (2).
4. The United States total for column 5 includes 2,204 other Earned Income Credit applications which are not available by district and region.
5. Earned Income Credits generated but applied to other than 1975 liabilities and those generated but temporarily unapplied pending resolution of taxpayer accounts.

Table 20.—Tax withheld from payments to foreign persons of treaty and nontreaty countries—Calendar year 1974
(In thousands of dollars)

Country	Income	Total tax withheld	Tax withheld by domestic withholding agents	Tax from foreign governments or withholding agents	Number of information documents filed by withholding agents
Treaty Countries:					
Australia	6,828	1,501	1,501	—	6,955
Austria	3,250	388	388	—	3,360
Belgium	47,906	7,949	6,486	1,463	13,699
Canada	25	4	4	—	81
Former Belgian o/s Territories	401,534	47,322	43,177	4,145 ¹	274,764
Denmark	4,402	251	250	1	2,320
Finland	393	241	27	214	351
France	152,303	15,333	15,333	—	14,278
Germany	74,735	6,932	6,932	—	54,010
Greece	1,647	335	335	—	3,255
Ireland	16,976	734	702	32	4,220
Italy	2,713	2,713	2,713	—	13,529
Japan	79,115	10,805	10,805	—	4,532
Luxembourg	23,024	5,219	5,219	353	4,464
Netherlands	130,254	18,090	18,090	121	12,297
Netherlands Antilles	197,901	3,931	3,928	3	1,425
New Zealand	711	125	125	—	1,281
Norway	3,178	365	365	—	3,947
Pakistan	54	11,922	11,922	—	100
Sweden	29,833	3,504	3,504	—	4,992
Switzerland	472,145	58,244	58,244	—	29,963
United Kingdom	330	24	24	—	292
Republic of South Africa	2,348	492	492	—	2,008
United Kingdom	424,950	48,113	47,779	334	53,882
Former U.K. o/s Territories	1,335	192	192	—	1,003
Nontreaty countries	179,067	30,221	30,221	—	105,516
Total	2,260,021	276,303	269,537	6,666	820,524

¹ At printing, only total amount of tax withheld is available; breakdown between tax withheld by domestic withholding agents and tax from foreign governments or withholding agents is estimated from past experience.

Table 21.—Internal revenue refunds, including interest, fiscal years 1975 and 1976 (excluding rebates)
(For refunds by region, and district, see tables 5 and 6)

	Number		Amount refunded (principal and interest—thousand dollars)		Amount of interest included (thousand dollars)	
	1975	1976	1975	1976	1975	1976
Total refunds of internal revenue¹	67,834,472	66,969,506	32,208,671	34,493,792	236,034	294,227
Corporation income taxes	359,238	477,297	5,290,433	5,569,365	164,866	194,627
Individual income and employment taxes, total ²	67,386,316	66,412,449	26,532,559	28,523,245	59,921	85,754
Excessive prepayment income tax ³	64,953,020	63,830,756	25,444,032	27,215,507	28,953	43,441
Other income tax and Federal Insurance Contributions Act taxes ⁴	2,212,418	2,377,426	1,053,256	1,274,843	30,220	41,363
Railroad retirement	726	736	332	365	16	16
Unemployment insurance	220,152	203,531	34,509	32,530	730	934
Estate tax	26,366	26,885	79,364	92,120	7,154	9,606
Gift tax	7,033	4,410	5,496	10,587	751	2,144
Excise taxes, total	55,519	48,465	300,820	296,485	3,322	2,095
Alcohol taxes ⁵	14,080	12,251	112,534	110,301	10	163
Tobacco taxes ⁶	323	377	3,485	4,328	(⁷)	-4
Manufacturers' and retailers' excise taxes, total	3,981	4,066	157,489	158,692	1,716	436
Gasoline used on farms	144	129	128,417	122,136	—	—
Gasoline, nonhighway	876	833	1,946	2,691	—	—
Other ⁸	2,961	3,104	27,125	33,865	1,716	436
All other excise taxes⁷	37,135	31,771	27,313	25,165	1,596	1,500

¹ Figures include credits for the Federal Old-Age and Survivors, Federal Disability, and Federal Hospital Insurance Trust Funds amounting to \$360,000,000 in 1975 and \$407,628,000 in 1976; for the Highway Trust Fund amounting to \$145,764,031 in 1975 and \$152,078,475 in 1976.

² Net of 89,481 undeliverable checks totaling \$25,508,000 in 1975 and 176,742 undeliverable checks totaling \$44,728,000 in 1976.

³ Includes refunds "not otherwise classified."

⁴ Includes excess FICA credits.

⁵ Includes drawbacks and stamp redemptions.

⁶ Includes refunds and credits for aviation fuels, lubricating oil used for nonhighway use and miscellaneous manufacturers' and retailers' excise taxes.

⁷ Includes refunds on interest equalization tax, aircraft use tax, narcotics, silver, wagering (excise and stamps), capital stocks and other excise tax refunds and credits.

⁸ Less than \$500.

Table 22.—Obligations Incurred by Internal Revenue Service by Appropriation and Activity
(In thousands of dollars)

Appropriation by Activity	Total 1975	1976	Personnel Compensation and Benefits 1975	1976	Other 1975	1976
Total obligations, appropriations and reimbursable	1,589,125	1,682,557	1,215,540	1,332,437	373,585	350,120
Obligations against appropriation funds	1,584,711	1,667,311	1,211,923	1,318,223	372,788	349,088
Salaries and Expenses						
Total	41,607	44,685	35,533	38,234	6,074	6,451
Executive Director	18,161	19,410	15,478	16,603	2,683	2,807
Internal Audit and Security	23,446	25,275	20,055	21,631	3,391	3,644
Accounts, Collection and Taxpayer Service						
Total	732,442	777,223	519,328	573,169	213,114	204,054
Data processing operations	385,104	410,517	284,462	306,135	100,642	104,382
Statistical reporting	12,102	12,763	9,801	9,892	2,301	2,871
Collection	226,178	242,625	185,128	198,161	41,050	44,464
Taxpayer Service	109,058	111,318	39,837	58,981	69,121	52,337
Compliance:						
Total	810,662	845,403	657,062	706,820	153,600	138,583
Audit of tax returns	578,191	600,726	467,956	500,738	110,235	99,588
Employee plans	23,004	30,664	18,974	26,098	4,030	4,568
Tax fraud and special investigations	101,061	100,293	78,066	81,387	22,995	18,906
Exempt organizations	19,303	20,581	16,059	17,494	3,244	3,727
Taxpayer conferences and appeals	36,692	35,886	31,850	32,159	5,042	3,067
Technical rulings and services	17,181	18,848	14,292	16,013	2,889	2,835
Legal services	35,030	38,405	29,665	32,933	5,165	5,472
Reimbursable obligations, Total	4,414	15,246	3,617	14,214	797	1,032

Table 23.—Staff years authorized and realized

Appropriation	Authorized 1975	1976	Realized 1975	1976	Percentage Realized 1975	1976
Salaries and Expenses	1,823	1,874	1,867	1,880	102.4	100.3
Accounts, Collection and Taxpayer Service	42,613	44,248	42,517	44,215	99.8	100.3
Compliance	38,050	38,042	37,955	36,169	99.8	100.3
Total	82,486	84,164	82,339	84,264	99.8	100.1
Increase 1976 over 1975	—	+ 1,678	—	+ 1,925	—	—

¹ Does not include staff years devoted to reimbursable projects.

Table 24.—Costs incurred by the Internal Revenue Service
(In thousands of dollars)

Internal revenue office, district or region	Total	Personnel Compensation	Travel	Equipment	Other
(1)	(2)	(3)	(4)	(5)	
A. National Office and regional totals (including district director's offices and service centers)					
Total Internal Revenue Service	1,682,557	1,332,436	46,843	6,525	296,754
National Office	307,016	96,172	2,220	2,410	206,213
North-Atlantic	248,271	228,153	5,039	292	14,787
Mid-Atlantic	175,022	159,499	4,250	743	10,530
Southwest	175,519	155,517	6,732	532	12,737
Central	146,163	131,999	5,207	323	8,634
Midwest	163,632	149,480	5,372	171	8,608
Southwest	149,051	132,374	6,235	373	10,069
Western	233,330	207,248	8,327	1,234	16,521
Regional Counsel	20,622	19,888	231	47	504
Regional Inspection	19,807	17,706	1,801	47	454
Office of International Operations	11,976	9,464	1,472	99	941
National Computer Center	9,258	5,651	54	1	3,552
IRS Data Center	22,891	19,285	104	299	3,203
B. Regional commissioner's offices (excluding district director's offices and service centers)					
North-Atlantic	12,938	11,985	199	7	748
Mid-Atlantic	9,827	8,389	195	70	1,174
Southwest	8,562	7,578	250	48	945
Central	2,404	2,219	159	42	660
Midwest	9,358	8,176	282	46	854
Southwest	8,165	7,325	287	50	509
Western	13,313	11,040	399	500	1,374
C. Regional costs undistributed					
North-Atlantic	2,348	1,066	1,155	14	94
Mid-Atlantic	1,872	782	975	116	116
Southwest	2,815	1,032	1,738	4	48
Central	2,404	880	1,471	4	51
Midwest	2,332	1,255	1,027	19	75
Southwest	2,182	846	1,242	19	172
Western	2,071	—	1,899	—	—
D. District director's offices and service centers:					
North Atlantic:					
Albany	7,449	6,583	223	6	536
Augusta	4,146	3,741	165	29	211
Boston	26,404	24,748	556	33	1,067
Brooklyn	28,254	27,747	456	103	987
Buffalo	17,271	15,895	482	14	880
Burlington	2,268	2,039	112	2	135
Hartford	13,693	12,851	331	5	506
Manhattan	57,067	54,966	663	59	1,398
Portsmouth	3,531	3,246	127	4	155
Providence	5,090	4,745	107	7	232
North-Atlantic Regional Training Ctr.	149	133	1	—	15
Andover Service Center	32,195	28,413	121	6	3,655
Brookhaven Service Center	34,135	29,875	92	2	4,166
Mid-Atlantic:					
Baltimore	22,923	21,560	408	126	829
Newark	35,026	32,867	620	119	1,220
Philadelphia	29,266	27,524	581	79	1,081
Pittsburgh	15,494	14,450	375	77	982
Richmond	15,034	13,650	965	65	754
Wilmington	3,398	3,178	72	13	135
Mid-Atlantic Regional Training Ctr.	321	288	3	—	31
Philadelphia Service Center	41,701	36,811	98	195	4,598
Southwest:					
Atlanta	19,915	18,184	980	58	693
Birmingham	9,425	8,595	400	30	399
Columbia	7,201	6,665	275	17	344
Greensboro	15,219	13,829	705	39	641
Jackson	6,389	5,799	306	13	271
Jacksonville	34,455	31,535	1,202	80	1,639
Nashville	12,273	11,202	529	17	525
Southeast Regional Training Ctr.	160	—	160	—	1
Southeast Region-Centralized Tr.	26,923	24,970	52	72	3,819
Atlanta Service Center	30,150	26,228	81	157	3,684
Memphis Service Center	—	—	—	—	—

Table 24.—Costs incurred by the Internal Revenue Service
—Continued
(In thousands of dollars)

Internal revenue office, district, or region	Total	Personnel Compensation	Travel	Equipment	Other
(1)	(2)	(3)	(4)	(5)	
Central:					
Cincinnati	16,208	14,978	448	27	755
Cleveland	23,404	21,827	580	20	977
Indianapolis	32,808	30,267	997	94	1,449
Louisville	15,876	14,526	453	22	775
Parkerson	9,621	8,740	403	17	461
Central Regional Training Ctr.	5,385	4,872	250	4	258
Central Region-Centralized Training	551	479	9	8	56
Cincinnati Service Center	152	—	150	—	1
Midwest:	31,577	28,211	86	86	3,194
Aberdeen	2,661	2,361	185	14	101
Chicago	40,139	38,032	807	20	1,280
Des Moines	8,688	7,967	345	4	372
Fargo	2,471	2,182	129	5	154
Minneapolis	13,016	12,174	390	7	449
St. Louis	5,833	5,267	230	7	309
St. Paul	20,687	19,195	777	11	704
Springfield	14,609	13,530	524	5	550
Midwest Regional Training Ctr.	10,139	9,164	465	7	504
Midwest Region-Centralized Training	—	—	—	—	—
Kansas City Service Center	125	—	125	—	—
Southwest:	33,571	30,157	85	48	3,280
Albuquerque	4,074	3,649	184	13	227
Austin	25,589	23,343	1,081	33	1,133
Cheyenne	1,380	1,767	116	3	92
Dallas	25,533	22,810	1,081	34	1,606
Denver	10,200	9,138	407	15	640
Little Rock	6,292	5,691	271	14	316
New Orleans	12,081	11,051	394	51	584
Oklahoma City	10,173	9,173	513	15	493
Wichita	8,016	7,299	324	17	378
Southwest Region-Centralized Training	209	—	209	—	—
Austin Service Center	33,160	29,242	122	116	3,681
Southwest Regional Training Center	373	38	3	1	333
Western:					
Anchorage	3,570	2,898	268	12	392
Boise	3,561	3,190	208	4	159
Helena	3,298	2,892	225	4	178
Honolulu	4,194	3,802	144	6	242
Los Angeles	55,897	51,826	1,702	45	2,315
Phoenix	6,449	7,554	306	14	574
Portland	9,025	8,105	392	17	511
Reno	6,027	5,419	254	2	351
Salt Lake City	4,261	3,847	140	9	266
San Francisco	37,054	33,975	1,158	80	1,831
Seattle	13,890	12,646	617	20	607
Western Regional Training Ctr.	565	502	8	—	54
Western Region-Centralized Training	340	—	339	—	1
Ogden Service Center	33,020	29,042	134	299	3,548
Fresno Service Center	34,805	30,511	133	212	3,949

Table 25—Personnel Summary

Location and type	Average Positions Realized		Number Employees At Close of Year	
	1975	1976	1975	1976
Service Total	82,616	85,455	82,266	85,712
Permanent	70,923	71,936	71,734	70,868
Temporary	11,693	13,519	10,532	14,843
National Office¹	4,579	4,783	4,585	4,558
Field Service Total²	78,037	80,672	77,681	81,153
Data Processing, total	25,732	26,938	23,694	27,370
Collection, total	11,492	11,784	11,810	12,081
Revenue Officers	6,765	6,918	6,919	6,781
Other	4,727	4,866	4,891	5,300
Taxpayer Service, total	2,917	3,506	3,001	3,647
Taxpayer Ser. Specs.	N.A.	482	—	—
Taxpayer Ser. Reps.	2,072	1,491	2,032	1,327
Other	845	1,533	969	2,320
Audit, total	26,386	26,891	27,411	26,399
Revenue Agents	14,265	14,166	14,223	13,865
Off. Audit & Tax Tech.	4,868	4,763	4,772	4,596
Other	7,455	7,762	8,416	7,938
Employee Plans Org., total	781	1,103	870	1,212
Revenue Agents	525	714	592	756
Tax Law Specialists	—	30	6	82
Tax Auditors	30	42	34	42
Other	206	317	336	332
Intelligence, total	3,757	3,739	3,795	3,863
Special Agents	2,636	2,611	2,626	2,553
Other	1,119	1,128	1,169	1,110
Exempt Org., total	658	684	666	652
Revenue Agents	412	447	417	421
Tax Law Specialists	—	7	3	8
Tax Auditors	83	77	86	70
Other	163	153	160	153
Appellate, total	1,288	1,215	1,273	1,205
Appellate Conferees	615	585	603	576
Auditors	125	120	122	121
Other	548	510	548	506
Administration, total	3,256	3,209	3,211	3,102
Regional Counsel	928	935	943	947
Regional Inspection	870	868	901	875

Note: Reimbursements are included in above figures.

¹ Includes terminal leave for average positions realized for entire service.² Includes Office of International Operations, National Computer Center and IRS Data Center.

N.A. Not Applicable.

Index

Table 26.—Quantity and Cost Statistics for Printing¹

Class of Work	Quantity		Cost (1,000 dollars)	
	Tax Packages	Other Printing FY-76	FY-75	FY-76
1. Tax Packages (1975)				
Package 1 (Form 1040, Instructions, Schedules A&B—40 pages)	25,453	—	—	1,453
Package 2 (Form 1040, Schedules A&B, D, E, R, & Instructions—52 pages)	10,553	—	—	877
Package 3 (Form 1040, Schedules A, B, C, D, E&R, SE & Instructions—60 pages)	8,603	—	—	676
Package 4 (Form 1040, Schedules A&B, C, D, E&R, F, SE, Forms 3468, 4136, 4797, & Instructions—80 pages)	2,722	—	—	—
Package 1040A (Form 1040A & Instructions—24 pages)	40,788	—	—	1,613
Package 1065 (Form 1065, Schedule K-1, Form 4797 & Instructions—48 pages)	1,800	—	165	153
Package 1120 (Form 1120, Schedule D, Forms 1120-W, 3468, 4797, 4874, 7004 & Instructions—40 pages)	2,050	—	143	154
2. Employment Tax Package				
Pub. 393 (1975)	5,640	—	—	387
Total Cost of Tax Returns & Instructions for Major Mailing to Taxpayer	—	—	—	6,202
3. Other Tax Returns, Instructions, Public-use Forms, and Pamphlets	—	3,851,871	—	21,547
4. Administrative Forms and Pamphlets	—	534,147	—	7,793
5. Field Printing	—	273,853	—	2,053
Grand Total	—	4,759,871	—	37,577

¹ Due to the volume of printing requirements, solicitations for the major tax packages are issued in each year in the Spring. Expenditures may, therefore, overlap two fiscal years.

Acts of Congress		Chief Counsel Programs	
State and Local Assistance-1972	71	Administrative	54,64
Employee Retirement Income Security (ERISA)-1974	7	Criminal	61,62
Privacy-1974	8	Disclosure	60,61
Revenue Adjustment-1975	7	Legal	62,63
Tax Reduction-1975	17	Refund	55,56
Tax Reform-1976	69	Tax Court	55
		Technical	63
		Statistics	56/61, Appendix
Administration		Commissioners of Internal Revenue (1862-1976)	
Cost Reduction	81,82		Appendix
Equal Employment	84	Conferences	
Handicapped	84	Advisory	30,31
Labor-Management	83	Appellate	32
Security	76,77,78,85	Inter-American Administrators (CIAT)	51,52
Tax System	73	Procedures	30
Training	82,83,84	Corporate Income	
Advisory Groups		Collections	14,15
Art Panel	85	Employee Plans	44
Commissioner's Group	86	Refunds	26
Small Business	86	Returns	12,13
Alcohol, Tobacco, and Firearms		Team Audits	28
Wagering Taxes	38, Appendix	Criminal Prosecution	
Statistics	13,14	Case analysis and disposal	55
Appeals Process		Investigations	19,21,33,35
Administrative	30	Justice Department	56
Appellate	32	Statistics	60,61,62
Options	32	Delinquent Accounts	
Processing	31	Child Support	70
Statistics	30, Appendix	Compliance	19,20,21
Assessments		Prevention	21
Corporate	21,22,27,28,29	Statistics	22
Estate	27	Disclosure Operations	
Excise	27	Document Security	36
Gift	18,27	Disclosure Officers	36
Individual	24,25,26,27	Privacy Act Impact	8,61
Statistics	25,27, Appendix	Restricting Return Access	36
Assistance		Earned Income Credit	
Electronic (IDRS)	10	Public Notices	7,10
Foreign	48	Tabular Data	17
State and Local Governments	70,74	Statistics	Appendix
Taxpayer	6,8,9	Employee Plans	
Audit of Returns		Federal Agency Coordination	44,46
Charts and Tables	97, Appendix	Master File (EPMF)	45
Computer Assisted	26	Rulings	46
Information (AIMS)	29	Statistics	46, Appendix
Tax Shelters	28	Examination Programs	
Technical Reference (TRI)	29	Discriminant Function (DIF)	24
		Mathematical Verification	18
		Taxpayer Compliance Measurement (TCMP)	24

Exempt Organizations	
Determinations and Rulings	45
Master File (EOMF)	45
Technical Advice	46
Statistics	46, Appendix
Federal Court Activities	
Appeals	55
Claims	56,57
Supreme Court	60
Tax Court	55,56
Federal-State Programs	
Agreements	74
Tax Information Exchange	74
Training	74
Foreign Programs	
Assistance	51
Competent Authority	52
Conferences	51,52
International Operations (OIO)	48,49,50
Official Visitors (TAAS)	51
Statistics	Appendix
Fraud Investigations	
Cases Prosecuted	33,34
Intelligence Division	33,34,35
Internal Security	76,79,81
Organized Crime	34,35
Strike Force Cooperation	34
Statistics	35, Appendix
Individual Income	
Appeals	30
Audits	24,26
Collections	14,15,17
Refunds	12
Returns Filed	12,13
Statistics	12/15, Appendix
Information Activities	
Internal Revenue Bulletin	41
Public Affairs	9,10
Publications	8,9
Taxpayer Assistance	6,7
Inspection Operations	
Internal Audit	76
Internal Security	77
Investigations	77/81
Statistics	80
International Operations	
(See Foreign Programs)	48
Legal Activities	
(See Chief Counsel; Criminal Prosecution)	60,61

Map of Internal Revenue regions, districts, and Service Centers	Appendix
Narcotics Financiers	
Investigations	35
Statistics	35
Personnel Programs	
Equal Employment	84
Executive Development	82,83,84
Handicapped	84
Labor-Management	83
Recruitment	84
Statistics	Appendix
Principal Officers of Internal Revenue Service as of September 30, 1976	Appendix
Publications	
Internal Revenue Bulletin	41
Taxpayer Assistance	8,9
Statistics of Income	70
Refunds	
(See Corporate Income; Individual Income; Appendix)	12,26
Regulations	
Revenue Rulings	38/40
Technical Advice	38,46
Returns Processing	
Audit	24
Collection	12,13,16,17
Service Center	26
Statistics	71,72, Appendix
Verification	18,19
Statistics	
Audit Charts and Tables 1 to 31	97
Statistical Tables 1 to 25	129
Tax Administration	
Compliance	23
Collection	12,13
Costs Incurred	Appendix
Enforcement	33,34,35
Forms and Form Letters	7,8
Legal and Legislative	8,17,53
Security	79,80
Statistics	Appendix
Workflow in the Internal Revenue	
Audit	Appendix
Chief Counsel	64
Collection	16
Inspection	80
Management	81,82
Statistics	Appendix

